

JPRS-NEA-86-061

14 MAY 1986

Near East/South Asia Report

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 MAY 1986

NEAR EAST/SOUTH ASIA REPORT

CONTENTS

INTERNATIONAL AFFAIRS

REGIONAL AFFAIRS

Analysis of French Middle East Policy (Mustafa al-Yahyawi; AL-MAJALLAH, 25 Mar-1 Apr 86).....	1
OAPEC Official Discusses Current Situation of Oil Industry (AL-MAJALLAH, 26 Mar-1 Apr 86).....	4
Briefs	
Egypt May Return Numayri to Sudan	7

ARAB AFRICA

EGYPT

President Mubarak's Commitment to Democracy Discussed (Mustafa Shardi; AL-WAFD, 13 Mar 86).....	8
Science and Technology Research Institute Director Interviewed (Muhammad Kamil Mahmud Interview; AFAQ 'ILMIYAH, Mar-Apr 86).....	13
Wafd Party Proposal on Economic Development Outlined (AL-AHRAM AL-IQTISADI, 10 Mar 86).....	20

Treatment of Expatriates Discussed (Muhammad al-Hayawan; AL-JUMHURIYAH, 27 Mar 86).....	23
Fraternal Societies Linked to Freemasons (Muhammad al-Hayawan; AL-JUMHURIYAH, 28 Mar 86).....	25
Commentary on Suspension of Haykal Column (AL-MUSTAQBAL, 19 Apr 86).....	26
Status of Central Security Forces in Sinai (Jamal Kamal; AL-JUMHURIYAH, 28 Mar 86).....	27
Briefs	
Suppressed Column Resumes Publication	31
Party Withdraws Approval of Camp David	31
TUNISIA	
Cape Verde President Departs; Joint Communique Issued (Tunis Domestic Service, 12 Apr 86).....	32
Briefs	
New UN/Geneva Envoy	35
Agreement With Thailand Signed	35
Security Cooperation Agreement	35
ARAB EAST/ISRAEL	
BAHRAIN	
Reasons for Liquidation of Arab-European Bank Examined (AL-MAJALLAH, 12-18 Mar 86).....	36
Stimulating Economy Through Industry Urged (AL-MAJALLAH, 2-8 Apr 86).....	41
ISRAEL	
MK Charlie Biton Interviewed (AL-BAYADIR AL-SIYASI, 22 Feb 86).....	47
Toronto Consulate Alleged Spy Center (Yoram Hamizrahi; YEDI'OT AHARONOT, 23 Feb 86).....	56
Har Shmu'el Project Disappoints Prospective Settlers ('Emanu'el Rozen; MA'ARIV, 24 Feb 86).....	58
Communal City Proposed at 'Uvda (Shlomit Tan'a; YEDI'OT AHARONOT, 6 Mar 86).....	61

OMAN

Effects of Oil Price Drop Surveyed
(MEED, No 14, 5-11 Apr 86)..... 63

PALESTINIAN AFFAIRS

'Arafat Discusses Gulf War, Palestinian Problems
(Yasir 'Arafat Interview; AL-DUSTUR, 24 Feb 86)..... 65

Background of New Split Within Fatah Given
(AL-MAJALLAH, 16-22 Apr 86)..... 70

QATAR

Industry Official Discusses GCC Industries
(AL-MAJALLAH, 19-25 Mar 86)..... 74

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

Central Committee Secretary Addresses CPCZ Congress
(Muhammad Sa'id 'Abdallah; RUDE PRAVO, 2 Apr 86)..... 77

Foreign Minister Comments on Various Subjects
('Abd-al-'Aziz al-Dali Interview; AL-ITTIHAD,
14 Mar 86)..... 80

SOUTH ASIA

AFGHANISTAN

Government Camp Reportedly Destroyed
(KAYHAN INTERNATIONAL, 6 Apr 86)..... 86

INDIA

Further Reportage on Situation in Punjab
(THE TIMES OF INDIA, 1 Apr 86; THE STATESMAN,
4 Apr 86)..... 87

Center Support for Barnala
New Border Commission 89

Finance Minister Announces Customs, Excise Concessions
(THE STATESMAN, 4 Apr 86)..... 91

Reserve Bank of India Announces New Credit Policy
(THE STATESMAN, 4 Apr 86)..... 93

Papers Report Visit of Swiss Foreign Minister (THE STATESMAN, 4 Apr 86; THE TIMES OF INDIA, 4 Apr 86).....	95
Remarks on Departure	95
Talks on Cooperation	96
Severe Dry Spell in Northeast May Affect Crops (THE STATESMAN, 4 Apr 86).....	97
IRAN	
Formation of Irregular Warfare Groups Reported (London KEYHAN, 17 Apr 86).....	98
Regime's Reaction to U.S. Raid Against Libya (Tehran Domestic Service, 16 Apr 86).....	100
Briefs	
Fate of Hostages	102
Afghanistan Protests Regime's Interference	102
Revival of Hojjatiyeh	103

REGIONAL AFFAIRS

ANALYSIS OF FRENCH MIDDLE EAST POLICY

London AL-MAJALLAH in Arabic 25 Mar-1 Apr 86 p 21

[Article by Mustafa al-Yahyawi: "The Middle East Policy of France After the Elections: Slackening in the Relations between Paris and the Arabs During the Waiting for a Solution to the Problem of the Hostages"]

[Text] What change will occur in the Arab policy of France and its role in the Middle East as a result of the recent elections and the return of the Right to the government?

Most observers of the trends of French foreign policy expect that President Mitterand will continue to be the true shaper of foreign policy for this region, especially since there are no basic differences between the left and the right on this policy. Furthermore, foreign affairs have not been the dominant issue of the elections. French public opinion has even been unanimous concerning the handling of the problem of the French hostages in Lebanon and the rightist opposition parties have not exploited this problem at the expense of the government.

The minister of foreign affairs, Roland Dumas, confirmed that "the government's efforts to secure the release of the hostages will not cease. However, we must wait several hours or several days before they produce results." The French president had charged a personal envoy, Mr Umran Adham, with contacting the necessary authorities, including Syrian President Hafiz al-Asad, with regard to the hostage issue.

French interests in the Middle East revolve around three basic issues: the Gulf war, Lebanon, and relations with Israel. With the exception of the impulsive nature of the relations of the French Socialists with the Hebrew state, it does not appear that there is a great difference between the French left and right on any of these issues. Therefore, no conflict over them is expected among the president of the republic, the head of the government, and the Foreign Ministry (even if someone from the right takes charge of it). Traditionally in France, the president of the republic is the one who has direct authority over the designing of foreign policy and the foreign minister executes the details. As for the French intervention in Chad, it is known that it goes back to the days of the previous president, Georges Pompidou, who bequeathed this policy to the Socialists, who continued to implement it.

Relations between France and the three countries of North Africa (Morocco, Algeria, and Tunisia) revolve around the 1 and a half million Arabs working in France. There is the issue of the eight French hostages in Lebanon, an issue that has become the foremost concern of France in the region. Finally, there are the arms exports to Iraq and the circumstances surrounding them that bear on the hostage situation, and relations with Iran, Egypt, and Israel. A few facts must be mentioned: French public opinion demands that its country's government obtain the release of the hostages soon, by one means or another, especially since there are now eight of them and they have been threatened with death.

France would like to escape this "abominable powerlessness" that afflicts it with every possible peaceful means available to it and it will doubtlessly be extremely indebted to the party that helps it do so. Likewise, the solution that extricates it from the hostage predicament and its humiliation will become the basis for a new policy in the region. Therefore, it appears that it would perhaps be in the interests of the Arab countries desirous of maintaining their friendship with France to help it end the tragedy of the hostages before other countries, such as Israel and Iran, offer to France "a costly service" the price of which the Arab side pays.

The French, from the far right to the far left, both enemies and friends, are extremely displeased, not only about the hostage issue itself, but especially because of the inability of the Arabs to help them and rescue them from the "Lebanese imbroglio." They are not completely convinced by the neighboring Arab countries' claims that they cannot offer any assistance. They hesitate to risk taking the decisive step that would lead them, willingly or unwillingly, to Tehran, despite the fact that efforts are currently being made. For, in one month, three French individuals have gone to Tehran to "investigate and negotiate." The most recent effort occurred last week, when the French ambassador to Tunis, Eric Rouleau, was asked to travel immediately to Tehran on the strength of his previous work with the newspaper LE MONDE as a journalist specialized in Middle Eastern Affairs and his excellent coverage of the events of the "Iranian revolution."

The Existing Slackness

Thus, it is not unlikely that Franco-Arab relations will suffer from a kind of slackening during the wait for a solution to the hostage problem, which is the predominant diplomatic concern of France at the present time. Likewise, no French retreat from its positions on Israel, the Camp David accords, or the current efforts for peace is expected for two reasons. The first reason is that foreign policy will remain one of the areas under President Mitterrand's authority and he is not expected to change his positions, especially since he is known for his commitment, bordering on stubbornness and defiance, to his principles. The second reason is that French Jewish circles, with the aid of Israel and with the guidance of world Zionist organizations, have increased their hold on the political centers of power in France. This fact has increased the allegiance of leading political personalities to them, especially since the current equilibrium in the parliament between the right and the left

is based on a small majority of two or three votes, which could be used as a means of pressure. Moreover, the departure of four representatives from the rightist bloc would be enough for it to lose the majority and with it, power. Thus it is difficult to imagine the right's risking decisive or dangerous measures, whatever its political convictions.

Despite this, the right in France has not been an enemy to the Arabs, especially during the last half century. Indeed, Franco-Arab relations developed and flourished rapidly under the auspices of rightist rule. Since the historic meeting that brought together the late Saudi ruler, King Faysal, and General De Gaulle in 1967, France's relations with the Arab states entered a new phase that went beyond the Suez crisis and the Algerian war. Since that date, France has become, thanks to its economic cooperation with the Arab countries and its political positions on Arab issues, esteemed and respected. President Giscard d'Estaing visited several Arab capitals, as has Jacques Chirac, head of the Gaullist party, who has close personal ties with Iraqi President Saddam Husayn. Chirac also signed, while he was head of the government (during the term of the former president, Giscard d'Estaing), many contracts for buying oil and selling arms.

Saudi Arabia was the first Arab country that President Francois Mitterand visited after entering the Elysee. In addition, the visit of the late Saudi ruler, King Khalid, to Paris in June 1981 was considered evidence of the depth of the friendship between the two countries, since King Khalid was the first Arab leader to hold talks with President Mitterand after he became the president of the republic.

Several individuals friendly to the Arabs have participated in the successive socialist governments; the most prominent of these are: Claude Cheysson, former foreign minister, Michel Joubert, and Jacques Delors. These individuals helped maintain a large degree of trust between France and the Arab world.

13292/12795
CSO: 4404/287

REGIONAL AFFAIRS

OAPEC OFFICIAL DISCUSSES CURRENT SITUATION OF OIL INDUSTRY

London AL-MAJALLAH in Arabic 26 Mar-1 Apr 86 pp 37-39

[Article: "The Assistant Secretary General of OAPEC: the Arab Oil Industry Is Strong and Conditions Compel Us To Redo Our Calculations"]

[Text] Dr 'Abd-al-'Aziz al-Watari, the assistant secretary general of OAPEC--or the Organization of Arab Petroleum Exporting Countries--is considered one of the foremost champions of the oil industry. Last month, Dr al-Watari participated in a conference held in Abu Dhabi on the financing of oil projects in the Arab nation. The conference was organized by four organizations: OAPEC, The Arab Company for Engineering Consulting (AREC), the Arab Petroleum Investment Company (APICORP), and the Abu Dhabi National Oil Company (ADNOC).

The assistant secretary general discussed with AL-MAJALLAH the conditions that the oil industry is undergoing in the Arab world. He said that in contrast to what some people expected, the state of the oil industry is currently good with respect to the various interconnected stages of production, transport, and refinement since they are supervised by an elite corps of Arab experts and administrators. In addition, the Arab oil industry has the capability to develop, grow, and adjust to changing market conditions.

However, Dr al-Watari recognized that the oil industry is currently undergoing a war of prices, which have fallen sharply during the past few months and have now reached a level of 50 percent of what they were 2 years ago. This compels us to reassess our calculations and review the decisions that have been made in the past and their effect on the current course of events. Concerning who is to blame for the world oil slump, he said, "In my opinion, the oil producers outside of OPEC have played a large part in the decline in prices to their current levels." He added, "I do not know if there was a Western policy that was designed and implemented and that led to this period of low prices, but it is certain that the International Energy Agency carried out a policy, which, by its nature, had an influence on the decline in the demand for oil."

Concerning the effect of what has happened on the oil industry, Dr al-Watari said: "Obviously, the oil industry is going through a difficult period. However, this period will not last long. There is a difference of opinion among experts concerning the length of this period: some believe that it may last 3 or 4 years." He added, "In the organization, we have studies that show that

it is a case of a decline in prices to the level prevailing at this time and that this period of low prices will not last long but will be followed quickly by an increase in prices. The studies contradict what some of those who participated in the conference, 'Financing Oil Projects,' believe, since some of them think that the recovery will be somewhat delayed until 1990 and later." He continued, "Our study indicates that prices will begin to improve beginning next year, in 1987. The reason for this is that the fall in prices will help oil importing countries realize short-term financial gains. This in turn will affect the growth of the economies of these countries, compared to what it was in 1985. In addition, this fall in prices will help them curb inflation rates and realize cash savings in oil import bills. All these factors will have a positive effect on the economies of the oil-importing countries."

The Role of Zionism

Concerning the benefits of the fall in oil prices for the industrial countries, he said: "The economic growth of the industrial countries and other countries will lead to an increase in the demand for energy in general and for oil in particular. Likewise, an increase in economic growth rates and GNP in the oil-consuming countries will have a positive effect on the demand for oil. As the demand increases, prices will go up, since the ability of the producer countries outside of OPEC to accommodate the extra demand is limited, because of their limited productive capacity. These countries are now producing at close to their full production capacity and they are not able to produce the extra amounts of oil to dump on the markets."

Returning once again to the question of the difficult conditions of the oil market, Dr al-Watari said that the lack of coordination in exporting policies and the lack of true cooperation within OPEC in this area and other factors that affect oil markets contributed to creating the current crisis. He added: "However, I must say directly that OPEC has done its best given the political and economic circumstances that it is facing, whereas the countries outside of OPEC did what they could to keep OPEC from fulfilling its responsibilities to stabilize oil markets. There is no doubt that the policy of fettering Arab strength in the oil domain, whether directly or indirectly, is an intentional policy and that Zionism plays an important role in it, especially through its control of American policy.

Role of OAPEC after the Retreat of OPEC

In answer to AL-MAJALLAH's question about some voices that have begun to demand that OAPEC play a role in coordinating Arab oil policy after the retreat of OPEC during this period, he said: "This possibility exists, but we have not found anything suggesting this direction up until now.

Because the changes that have occurred in the markets recently are fundamental, OAPEC, whose membership is limited to oil producing Arab countries that are members of OPEC, has set down a new strategy, which the council of ministers of the organization decided to implement in its recent meeting. Dr al-Watari discussed this strategy and said that general lines have been developed to

turn it into a plan of action and that this plan will be incorporated into the budget of the organization during the coming 5 years. He said that work is going on continuously to develop the details of the strategic project. Concerning the general lines of this strategy, he said that it revolved around building an advanced information base to serve the oil industry of the member countries and the Arab world. This information base will include data on the demand for energy and its consumption in the Arab nation. Likewise the plan includes petrochemical projects and the development of investment alternatives in the petrochemical sector. The plan is also concerned with energy in general as an idea, as a commodity, and as a planning device. This is a subject that has become one of the major concerns of the organization.

13292/12795
CSO: 4404/287

REGIONAL AFFAIRS

BRIEFS

EGYPT MAY RETURN NUMAYRI TO SUDAN--Cairo has officially promised Khartoum that it will hand over former president Ja'far Numayri to the Sudan if it is proved that he played any role in a recent attempt to overthrow the Sudanese Government, because he would have violated the conditions of political asylum in Egypt. An Egyptian official confirmed this to AL-MUSTAQBAL. [Text] [Paris AL-MUSTAQBAL in Arabic 12 Apr 86 p 9] /6662

CSO: 4504/287

EGYPT

PRESIDENT MUBARAK'S COMMITMENT TO DEMOCRACY DISCUSSED

Cairo AL-WAFD in Arabic 13 Mar 86 pp 1, 14

[Article by Mustafa Shardi: "President's Words and Deeds of Followers"]

[Text] I do not exactly recall the number of times in which president Husni Mubarak has gone to the People's Assembly to address its members, whether on official occasions or in emergency cases. What I, and all the citizens along with me, recall well is that since assuming the responsibility of government, in every speech he has made inside or outside the People's Assembly, in every press interview he has given, and in every difficult and complex crisis that has engulfed his administration, what we all recall is that Husni Mubarak has been speaking of democracy, adhering to it, and clinging to its canopy with utter sincerity and honesty. Rather, he constantly asserts that democracy is our only path and our firm pyramid to which there is no alternative and from which there is no retreat.

We all believe Husni Mubarak, the president of all Egyptians. However, the events and developments show that a large number of the leadership of the party in whose chairmanship President Mubarak has been embroiled do not believe their chairman or do not understand his words and are not concerned with his image and place in the hearts of the Egyptians. They do not basically believe in democracy and cannot bear living among people who aspire for their legitimate rights and the exercise of their basic liberties. This group of enemies of freedom and democracy with which the ruling party and President Mubarak have been afflicted is, in fact, a remnant of the mercenaries of the dictatorship which ruled Egypt for many years. During those years, these mercenaries sucked fatal venom at the dictatorship's breast, their veins filled with venom, their bone marrow formed out of venom, and their tongues could utter nothing but venomous words. All these and other remnants have regrouped in the trench of political and nonpolitical interests and ambitions; they have drawn up their plans, have organized their ranks, have prepared their weapons, and have begun their preparation to leap and seize full control with numerous methods, including domination of the ruling party from within and besiegement of many of the state's particularly important and sensitive institutions.

I apologize for this long prelude which, I have deemed, is necessary before we pause a little before the speech President Mubarak made under the dome of

the People's Assembly last Saturday--a speech which has evoked numerous comments among the citizens. If the government press has, as usual, hastened to laud the speech and strongly applaud its contents and to ignore all the basic issues absent from the speech--issues which we had expected the speech to tackle--if the government press has done this, then we cannot go along with it, not only out of respect for the people and for ourselves, but also out of respect and loyalty to President Mubarak whose administration is undergoing a difficult phase in which the crises are entangled in an unprecedented manner. President Mubarak stood before the People's Assembly to renew and reaffirm with utter determination and resolution his adherence and devotion to democracy. The man, whose personal integrity and loyalty to his country we confidently believe, has been fully aware, and rightly so, that only democracy, and nothing else is the life buoy in the sea of political, social, and economic crises besiegling his country and his administration as a result of the accumulated misdeeds of his predecessors who completely forgot Egypt and remembered only themselves and whose remnants are trying to again return, putting their personal plans and interests above the plans and interests of Egypt, its people, and its future generations.

By virtue of our understanding of Husni Mubarak's position on democracy, we believe that the president is in the direst need to be supported with frankness and with rightful words that seek Egypt's good and stability, which is his goal and ours, and in the direst need of a courageous confrontation that helps him find his right path clearly and through an honest mirror not corrupted by the clouds of hypocrisy. This is a truly difficult task for both ourselves and the president. It is a task that dictates that our words be as sharp as the edges of swords and as strong as lance tips in order that they may penetrate the thick jungles of hypocrisy, flattery, and falsehood which the hypocrites have been planting for 30 years and which they continue to plant in an arena prepared and set to beat the drums and to blow the bugles in order to drown the rightful word and the honorable voice in this cheap clamor. It is also a difficult task for President Mubarak. It is essential that he help us because this is a duty and an obligation imposed on him by the homeland. The only help we expect of him is that he be more and more tolerant and that he receive our words with the sentiments of one listening to his friend speaking frankly. Frankness can often cause pain, but it is ultimately like a bitter pill that brings about relief and recovery.

On this basis, we tell President Mubarak that most of his speeches to the people have gained the admiration of all the people, especially his talks of the liberties, of bolstering democracy, and of the need to wipe out corruption, his assertion that no corrupter will be shielded or protected, and his talk of the importance of work and of increased production, of solving the masses' problems, of eliminating, or at least alleviating, the people's hardship, and of simplifying the procedures for the people's dealings with the government where the graft "mafia," comprised of the opportunists in every position, rules supreme.

These words are beautiful, these principles are great, and all these tendencies are valuable and needed and the president always puts the emphasis

on them. But what do the followers do? How do they understand these words and turn them into a reality felt by the people?

This, to my belief, is the most serious issue facing President Mubarak's administration at present. He wishes, wants, and orders, but the followers do not hear. If they hear, they do not understand and if they understand, then their actions and conduct, displayed in the "show window" of public action, are in total contrast with what the man, whose voice has gone hoarse while carrying the presidency's burdens and concerns, demands.

Let me cite an example to the people, and to the president also. The president made his speech on Saturday under the dome of the People's Assembly, reaffirming his full adherence to democracy. Immediately on the following day, Sunday, and on the day after, Monday, the man chairing the People's Assembly podium without the people's will was trampling the constitution with his feet, massacring democracy with his hands and, as usual, insulting the eminent Numtaz Nassar, the opposition leader, and avenging himself on 'Alawi Hafiz exactly as he had previously avenged himself on me. Many may not know that the reason for the older al-Mahjub's ferocious assault on me is not only that the Wafd exposed and toppled the gang of four which was headed by al-Mahjub's "younger" brother, but also that the "older" al-Mahjub considers me responsible for exposing the Qasr al-'Ayni scandal in which he, along with his other adviser, were personally involved and which led to suspending implementation of the project by a presidential decree and to a reexamination of the bids.

This time also, the "older" al-Mahjub, who chairs a sacred podium which he does not deserve and which does not deserve him, tried to avenge himself on 'Alawi Hafiz because on the day of questioning concerning the younger al-Mahjub case, 'Alawi Hafiz stood in the People's Assembly waving a picture of the high building of which 12 floors had been built and which is owned by the "older" al-Mahjub, the People's Assembly speaker, and the "younger" al-Mahjub, the leader of the gang who, as an employee of the Ministry of Economy, had earned a salary of no more than 200 pounds monthly and who lived like a millionaire, going to Europe every month and constructing buildings with his "older" brother who had never concerned himself with whispering in his "younger" brother's ear even once, just to reassure himself: Where did you get this, brother?

On the day following the president's speech on democracy, al-Mahjub was plunging one of his poisoned daggers in democracy's back. We know perfectly well that al-Mahjub will never learn democratic action because he is the foster son of the school of dictatorship and one of those who invented false justifications and false slogans for all the heinous actions of the dictatorship.

Many may not know that what al-Mahjub does to the opposition in the assembly and that the plots, schemes, and maneuvers he hatches for it resulted last year in the death of three Wafdist deputies with heart attacks and with the admission of four others to the intensive care room, whereas the sport of loud and constant applause practiced by the government deputies has produced

splendid health results and more comfort and ease [for those concerned], and no envy intended. May God bless all with good health, but not at Egypt's expense and at the expense of the health of Egypt's conditions.

There is no doubt that we have all picked up an extremely significant phrase contained in President Mubarak's speech while talking of democracy. There is no doubt that we have noticed that he says: "True democracy." The meaning of this phrase, as we understand it, is that Husni Mubarak has a new, healthy, and sound vision in the wake of the Egyptian people's great stance on the black Wednesday when the people embraced Husni Mubarak and refused to let go of him.

This is why we say that numerous basic issues were absent from the president's speech--issues which all the Egyptian people had expected the speech to tackle or to refer to in light of the president's new vision of the "true" democracy in Egypt. Our worst fear is that the absence of those issues is due to the opinion of some advisers and some of those who consider themselves political leaders in Egypt, headed by brother Dr Yusuf Wali, the man with the projects to plant zucchini and cucumbers in both the agricultural and political fields. In the wake of the black Wednesday, those who consider themselves leaders in Egypt rushed out of the holes in which they had hidden themselves and fluffed their feathers as hard as they could, swelling with pride and self-importance and screaming in their meetings, conferences, and the press that the people have chosen them on the day of hard decision, have accepted the regime with its faults and negative features, and have accepted the groups of followers, mercenaries, and hypocrites. Until a few hours before the central security riots, these groups had been fighting for power, spoils, and booty. Immediately after the end of the riots, they, thinking that they had regained their balance, resumed what they had been doing, but with a new allegation, namely, that the people have chosen them.

We say at the top of our voice: No, gentlemen. The Egyptian people chose true democracy on the black day in its capacity as the life buoy and chose the man whom they believe is sincere in building democracy and in completing democracy's lofty edifice on his country's soil. On the black Wednesday, the Egyptian people could not have chosen the thieves who waste public money, who engage in corrupt practices openly and daily, who slaughter democracy, who flatter the regime, who applaud every mistake, approve any law, and fear any courageous stance.

On the black Wednesday the Egyptian people chose freedom and chose to complete its mainstays. They chose the man who they hope will shatter their remaining shackles, who will support the people's demand for abolishing the vile election law and emergency law which is hanging like a sword over the heads, and who will support the nation's aspiration for a new constitution that eliminates the impurities planted in our flesh like blades and will embrace the liberties with decisive provisions with which no tyrant or dictator will be able to tamper in the future. The Egyptian people chose Husni Mubarak on that Wednesday. To put it very frankly and clearly, it is a choice coupled with the nation's hope. It is hoped that the president will rescue us from the ill-reputed laws and will reassure us that the slogan of

integrity will never again be shaken or fall and that the corrupt will be uprooted from his position, regardless of how high the position and how much the corrupt thinks that he is beyond punishment.

This is democracy, if the president wants it to be "true," as he has said. The Egyptian people had expected the president's speech to correct many of the faulty conditions, the existing negative features, and to uproot a number of leadership elements who practice leadership according to the tendencies of the personal "compass" of each of them, not according to the "compass" of the country's interests.

The Egyptian people, and I along with them, had expected Husni Mubarak to go to the People's Assembly in an open car this time so that the masses may reaffirm their love for him and so that he may reaffirm to them his gratitude, his reassurance, and his faith that only God, not the armed forces, not the guard troops, and not the rifles, protects and preserves.

We are aware of an extremely important fact, namely, that if Husni Mubarak emerged from the stand massacre, God be thanked, with the conviction that only democracy can protect any ruler from similar stands, then Husni Mubarak also emerged, God be thanked, from the black Wednesday with a deep conviction that further "true" democracy, as he has said, is the only path to build more fences of protection, prosperity, and stability.

God is behind our purpose and He is witness that we have conveyed the message and that we have been loyal to Egypt.

8494/13046
CSO: 4504/249

•

EGYPT

SCIENCE AND TECHNOLOGY RESEARCH INSTITUTE DIRECTOR INTERVIEWED

Amman AFAQ 'ILMIYAH in Arabic Mar-Apr 86 pp 14-16

[Interview with Dr Muhammad Kamil Mahmud, director of the Egyptian Academy of Scientific Research and Technology, by Taysir Subhi: Director of the Academy, '80 Percent of Scientific Research Is on Pressing Problems, Especially Food; Introduction of Strategic Industries Will Occur Only Through Arab Scientific and Technological Integration; Achievement of Cultural Transfer Depends on Self-reliance"'; in Cairo, date not given]

[Text] In this feature, AFAQ 'ILMIYAH continues its presentation of Arab scientific research institutions and centers. The magazine is attempting through inquiry and dialogue with those responsible for these centers to shed some light on their plans, accomplishments, problems, and projects for the future.

In this issue, we discuss and Egyptian Arab scientific institution, the Academy of Scientific Research and Technology in Cairo. It was there that this meeting took place between a representative of AFAQ 'ILMIYAH and Prof Dr Muhammad Kamil Mahmud, director of the academy, who was kind enough to answer a number of questions. Among the most important of them were the following:

[Question] What areas of activity does the academy carry on in pursuit of its goals?

[Answer] One can classify the activities of the academy into five areas:

1. participation in the executive decision-making process at the highest levels (in this area the academy is considered to be the consulting body for the state);
2. supporting the scientific and technological system in Egypt and rendering it more closely connected with problems of development;
3. simplifying the sciences and scientific culture and bringing them to all segments of the people;

4. exploiting the results of local scientific and technological research in the production of goods and services;
5. strengthening scientific and technological relations with Arab and foreign [non-Arab] countries and with international and regional bodies.

Low Level of Arab Research

[Question] One notices that Arab scientific research is at a low level in spite of the quantity produced by scientific, research, and academic institutions. What do you have to say about this?

[Answer] I cannot talk about the Arab world in general since I do not have sufficient information on the subject. As regards Egypt, we have 30,000 holders of the doctorate or master's degree. A considerable proportion of them are carrying on scientific research for purposes of promotion or otherwise. We in the academy are striving to raise the level of scientific research and to direct some 80 percent of it toward pressing problems, especially the food problem.

Research concerned with the basic needs of Egyptians or Arabs occupies first place in the scale of priorities. We welcome any Arab cooperation in this field.

Emigration of Talent

[Question] Egypt suffers more than other Arab countries from the emigration of scientific talent. How can this problem be checked?

[Answer] Until recently, Egypt was considered a country that exported scientific talent and people engaged in science. However, the markets that drew such talent have become satisfied in themselves. Given this state of affairs, we have made plans to absorb these talents and have worked to have them participate in studying the problems and needs of Egyptian society. This is in regard to emigration to the Arab states. As for emigration to foreign [non-Arab] countries, my belief is that it is not the problem of Egypt alone, but that it is a problem of many countries. Given the social and economic conditions being experienced by the advanced nations, especially America, I think the problem is starting to recede, because the advanced nations are no longer able to provide monetary opportunities and numerous advantages as they once did.

Strategic Industries

[Question] Why hasn't Egypt entered the fields of strategic industries and major research?

[Answer] Given the conditions that Egypt is experiencing, I do not believe it can enter the field of strategic industries by itself. That can take place only in the context of Arab scientific and technological integration. Large projects need the cooperation of all the Arab states.

Since we do not have such a framework for cooperation, we make do with importing all the apparatus, equipment, and major scientific projects that we need, without in any way playing a role in producing them.

I believe we shall be able to realize the cultural transition for which we are striving only by self-reliance in the first instance and by being open to the world through a scientific policy with clear features and goals.

A National Technological Policy

[Question] Perhaps one of the most outstanding accomplishments of the Academy of Scientific Research and Technology in the past year was the "Document on National Technological Policy for Egypt." Could you tell us about this accomplishment?

[Answer] The document can be considered a path for national activity in the coming periods. It came as the product of the need to rely on the sciences and technology to solve the problems of comprehensive development--development which has been subject of continuous pressures and bottlenecks and to a series of crises during the past 40 years.

This scientific policy has a number of goals: developing autonomous national technological capacities, defining development priorities, stimulating the capacity to utilize national resources, defining the best mix of national and imported technology, raising the return on imported technology, strengthening the producer's ability to compete and to export, providing the legislative and administrative components for scientific and technological production, guiding international cooperation to serve the goals of development, and keeping abreast of advances.

To realize these goals, plans for education, training, and research must be developed and directed toward technological development, whether in industry, agriculture, or service technology. In addition, the areas of planning, legislation, funding, and marketing must be developed.

National Information Project, NID

[Question] How has Egypt handled the problem of the information explosion?

[Answer] Intelligent use of information is a basic necessity in all cultural areas and activities, especially in activities that include policy and decision making and the solving of planning and implementation problems.

Studies during the last two decades have shown that there is a close relationship between the rate of knowledge production and exploitation, on the one hand, and increasing production by human forces, on the other hand. On the basis of this relationship, we see that Egypt will be able to draw on the wealth of human knowledge effectively only by developing the information sector. This is the purpose behind establishing the National Information Network, NID.

This project aims at raising the level of public awareness of the importance of scientific and technological information as an economic resource equal, if not superior, in importance to material and human resources. The aim is to encourage exploitation of this information in all development activities, to organize the documentation and acquisition of scientific and technological information, and to provide effective means to allow users to determine and access information sources easily.

The national network is composed of a number of information services centers. These consist of specialized section units that serve to link the agencies that use information resources. These centers use electronic sensors (small computers) to store and retrieve information mechanically. They are linked together by a network of wire or wireless communications. There are also document storage centers whose sources include: books and reference works, scientific periodicals, professional magazines, university theses, reports, product catalogues and brochures, patents on inventions, technical reports, bibliographies, etc.

We have already been able to survey information resources and user needs in Egypt, as well as to complete the overall design for the national information network. We have undertaken to set a national information policy and a national plan to provide human cadres.

The National Research Center

[Question] The academy is composed of a number of centers and institutes, including: the National Research Center, the Marine Sciences Institute, the National Bureau of Standards, the Astronomical Observatory, the Petroleum Research Institute, the Theodore Bilhars Institute of Research, the Center for Metal Development Research, and the Center for Remote Sensing. What is the role of the National Research Center?

[Answer] The National Research Center was established in 1956 and is considered one of the largest scientific institutions at work in the field of scientific research and technology. The center performs scientific research and applies the results. It offers scientific and technological consultations and organizes training programs, conventions, and scientific conferences.

The center includes 12 research branches: textile industries, food industries, pharmaceutical industries, chemical industries, agricultural and biological research, medical research, environmental research, engineering research, and basic science research. In addition, there are nine laboratories under the director of the National Research Center.

The research activities of the center consist of five programs: the technology transfer program, the food and agriculture program, the health and environment program, the energy program, and the natural resources program.

Achievements, Future Projects

(At the end of the interview, Dr Muhammad Kamil, director of the academy, spoke about the institution's achievements and projects for the future)

[Dr Kamil] Since its establishment, the institution has been able to carry out 225 projects in all fields in which the academy takes an interest. We have signed agreements for scientific and technological cooperation between Egypt and a number of Arab and foreign countries. The most recent of these, the agreement for scientific and technological cooperation between Jordan and Egypt, has as its goal: exchange of visits between scientists from the two countries, use of renewable energy resources, cooperation in the field of establishing a national information network, and the manufacture of small computers for educational purposes.

The Academy of Scientific Research will compile the second 5-year plan for development (1987-92), will prepare for holding a conference of Egyptian inventors, will establish a center for welding technology and research, will establish a national committee for genetic engineering and biotechnology, will modernize the patent office within the framework of cooperation between the Academy of Scientific Research and the UN World Copyright Organization, and will develop land reclamation projects--especially since the area of agricultural land being exploited does not exceed 4 percent of the total area that can be cultivated.

We will work earnestly to carry out the plans and projects related to the aims and goals for which the academy was established.

[Box, p 16]

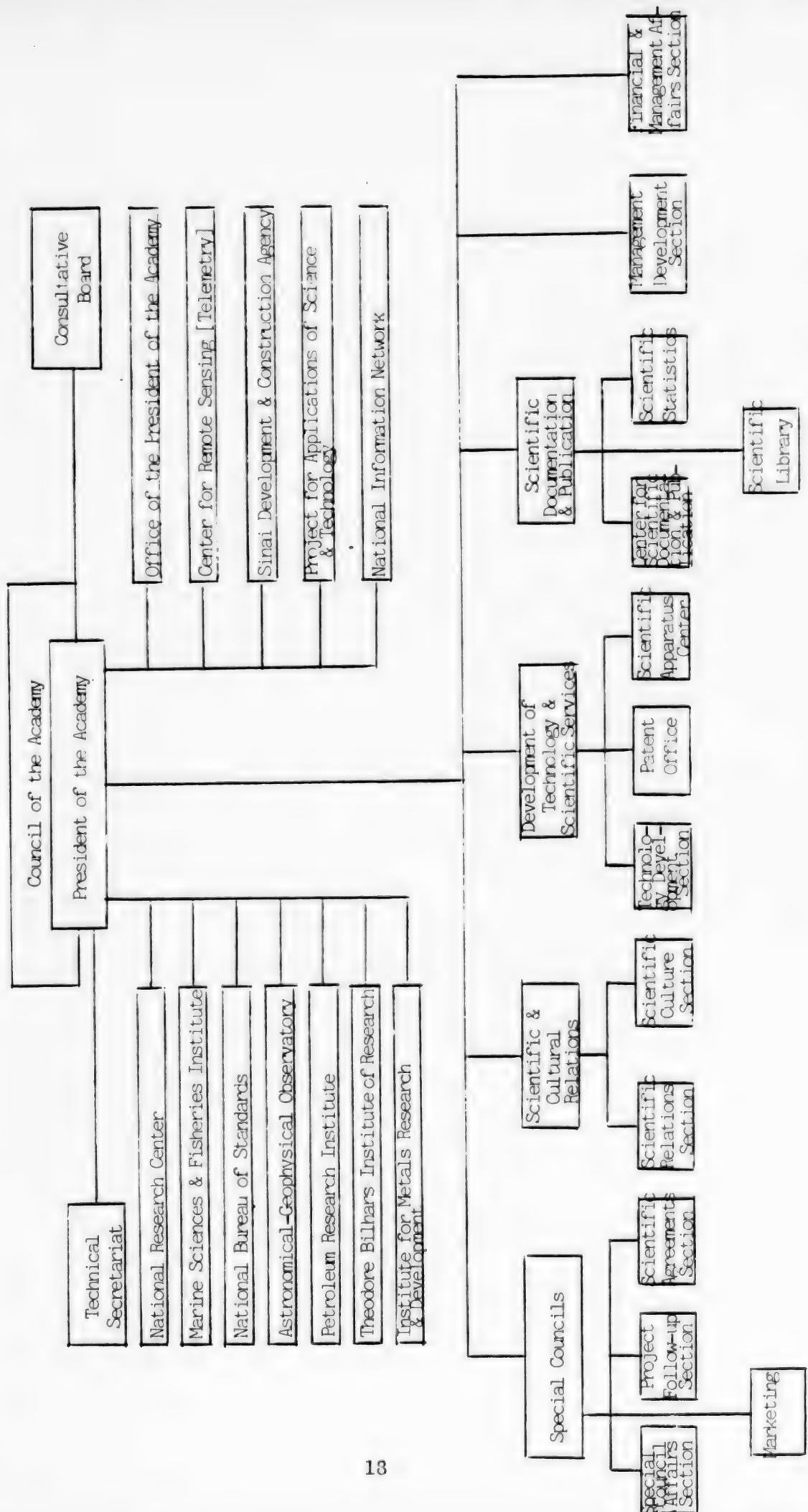
The Academy of Scientific Research and Technology in Outline

The Egyptian Academy of Scientific Research and Technology was established early in 1971, accompanied by the establishment of the National Council for Education, Scientific Research, and Technology, one of six specialized councils under the immediate authority of the president of the republic.

The aims of the academy are: support of scientific research, application of modern technology in all possible fields, programs for economic and social development, and coordination between scientific research agencies.

Within the framework of cooperation between the Academy of Scientific Research and Technology, regional universities, and research agencies belonging to the ministries of the central government, the academy has established a number of research centers in the economic planning regions of the Delta, Suez Canal, West Delta, Matruh, and Central Upper Egypt.

One of the newest projects of the Academy of Scientific Research and Technology is the National Development Information Project, NID, which forms the core of the agreement between the academy and the U. S. Agency for International Development.



One of the academy's outstanding achievements is the "Document on National Technological Policy for Egypt," which contains a description of the path of national activity in the scientific and technical field, as well as a working program for future stages to encourage improvement in economic and social conditions and to realize comprehensive development through scientific and technological progress through firmly establishing the scientific foundation of Egyptian society.

12937/12955
CSO: 4504/263

EGYPT

WAFD PARTY PROPOSAL ON ECONOMIC DEVELOPMENT OUTLINED

Cairo AL-AHRAM AL-IQTISADI in Arabic 10 Mar 86 p 26

[Text] After having exposed the points of view of different opposition parties regarding the housing problem and their proposals concerning the means of solving it, we start with this issue to explore the parties' opinions about the currently debated important case of the coming five-year plan 87-92. We also present the more important proposals that the opposition feels can be executed to finance the coming five-year plan which Dr Kamal al-Janzuri announced will cost 50 billion pounds--especially due to the economic circumstances which resulted from the decline in petroleum exporting prices, the international decline in the price of the dollar, and the reflection of the situation on the money transferred by Egyptians abroad, and also the impact of the several wars witnessed by the region on the navigation movements in the Suez Canal.

We begin today by asking the economic committee of the Wafd party about its perception of the coming five-year plan and the projects that should be included in it, and the committee's proposals for financing those projects.

Dr Ibrahim Abaza states...we agree with the government about the necessity of the existence of a guiding or directing plan to be carried out in the framework of public investment. But we differ with the government about its choices concerning the plan's investment priorities since the government emphasizes the public sector with its industrial and agricultural segments, and its distribution services. Naturally, these sectors consume a substantial proportion of the investments appropriated to the plan without generating a proper yield. The Wafd feels, therefore, that it is necessary, even imperative to review the volume of the public sector. We maintain that it should not be cancelled or liquidated but reviewed for guidance and comparison. It is noteworthy that the public sector reproduces itself very quickly. The final result will be a greater dissipation of monies and resources appropriated to the plan. We feel that the state is required to concentrate only on the basic industries such as iron and steel, petrochemicals, and mining industries. The Wafd thinks that it is necessary to review the volume of the public sector and we state the term review not meaning to cancel or liquidate it, but to rationalize and revitalize it by pruning off its dead branches. The state's efforts in investing in the public sector and expanding its current volume will culminate in an increased dissipation of the resources appropriated for the plan. Therefore, the state must take care only of the basic industries like iron and steel, petrochemicals,

and mining industries in a general way. These industries are still backward and are hindering economic development because of their high cost and the inadequacy of their production, quantitatively and qualitatively. We also feel that it is preferable for the state to arrange the priorities of investment in such a way as to give absolute priority to infrastructure projects such as roads, water, electricity, seaports, and airports.

As for housing projects, we feel that the state should concentrate its efforts on popular housing to alleviate the burdens of limited-income people. The state should keep its hands off intermediate or luxury housing completely. It should develop land and offer it for sale at nominal prices and leave the mode of construction to the citizens.

As for investments earmarked for education, the Wafd feels that emphasis should be placed on horizontal education only; i.e., on intermediate industrial and agricultural levels as well as the development of various skills and emphasizing only the basic educational stage and eradication of illiteracy.

In the field of education, the Wafd proposes that investment appropriations should be limited to the expansion of building basic education schools (primary level) and to emphasize horizontal education; i.e., intermediate industrial and agricultural education to produce the technical manpower which the local market is thirsty for. Besides, we must work towards the eradication of the disgrace of illiteracy.

That is all concerning the projects that the Wafd deems necessary to be included and emphasized in the coming five-year plan. We have several proposals regarding financing the plan in view of the circumstances that occurred lately. The most important of these proposals are:

-The expenditure budget in Egypt must be rationalized especially in the three service ministries namely, defense, interior and foreign affairs.

-It is possible for the public sector to be transformed into a source of income if it is organized and developed, especially as its current yield does not exceed 1/2 of 1 percent.

-Completing the expansion of the Suez Canal and developing it by establishing regions on its eastern Sinai bank that have commercial and tourist attraction similar, for example, to what happened to Hong Kong.

-Developing the taxation system in such a way as to enable the state to prosecute the people who have marginal activities and evade taxes especially as a large and newly developed segment of the Egyptian community such as the travelling salesmen and brokers who do not pay the taxes imposed on them by the society. The state must not permit such people to exercise their profession without a tax card which should be recorded on their identification cards as a means of checking them.

-Review of the customs system by precisely specifying the proportions and products to prevent cheating. The customs' controlling laws should be revamped to incriminate all those who fudge on their import invoices.

-The talk about tourism and the possibility that it can be a source of income for Egypt currently and under existing conditions is of doubtful validity. The status of tourism will improve automatically and naturally if the comprehensive improvement occurs.

The flood of tourists in Egypt will not occur until the country is improved in a way that induces those droves to prefer coming to Egypt instead of Spain or Greece or any other tourist spot in the world.

We feel that the talk about opening up opportunities for the private sector does not exceed being a mere wish or hope on the part of the responsible authorities. The directives issued to facilitate the operations of the private sector soon collide with those responsible for the execution of the directives and who do not enjoy facilitation matters for this sector.

Besides, the state's concentration on basic activities and major industries will open up the opportunity to the private sector to achieve its role in the required development.

12655/5915
CSO: 4504/279

14 May 1986

EGYPT

TREATMENT OF EXPATRIATES DISCUSSED

Cairo AL-JUMHURIYAH in Arabic 27 Mar 86 p 5

[Column by Muhammad al-Hayawan in column "A Word of Love"]

[Text] Egyptians overseas have turned into the goose that lays for us the golden egg and yet some people try to slaughter this goose. In as much as the Arab countries are keen on keeping their Egyptian guests, certain government agencies are keen on terrorizing them, terrifying them, and withdrawing them from abroad.

The Ministry of Education prohibits Arab countries from renewing the services of teachers on loan, ostensibly to make such an opportunity available to others. But what is the harm if Arab countries renewed the services of some teachers? They do not renew for everybody!

Universities dismiss those who work abroad without permission or who overstay a specific period of secondment and even tough Arab universities treat Egyptian teachers as if they were demigods.

The point here is that we suffer geniuses who sit at their desks consumed by envy for expatriates and who specialize in rulings that threaten the presence of Egyptians abroad. We are slaughtering the only goose we have left, and it lays golden eggs to boot.

We are in urgent need of a simple, clear, decisive resolution that allows Egyptians to remain abroad unconditionally and without penalty for overstaying. It should also provide amnesty for those who had to travel and did so by bending the law.

The matter can bear no delay. My intention is not to say that Egyptians in the Arab countries are the object of love and care because they are more studious, more intelligent, or better than native workers. Actually, there are laws to Arabize workers in hotels, banks, and other businesses, but these laws make allowances for Egyptians, Sudanese, and Moroccans. We therefore should take advantage of these laws instead of what we are currently doing, contrary to the interests of Egyptians.

Expatriates who have been successful abroad and returned because they wanted to work in Egypt are being put through the ringer. Some have had serious problems with the socialist prosecutor and with security officials while others opted for safety and departed Egypt again to fester the worst rumors about us. Still, others are working in Egypt, but in constant fear that the socialist prosecutor will find an excuse to confiscate their money. Some expatriates remain abroad because they are afraid to return.

We badly need the Egyptians who were a success abroad. We need them to return with their expertise and some of their funds. They made their money abroad and cannot be accused of having exploited the people. There is a great difference, for instance, between al-Fayid family which made its fortune abroad and those who collected commissions in Egypt and then smuggled the funds overseas.

Honest people must be rendered forever secure by imposing regulations if necessary even though a free economy is not to be based on regulation.

12945/12955
CSO: 4504/266

EGYPT

FRATERNAL SOCIETIES LINKED TO FREEMASONS

Cairo AL-JUMHURIYAH in Arabic 28 Mar 86 p 5

[Column by Muhammad **al-Hayawan** in column Under Rubric "A Word of Love"]

[Text] On the market is a troubling book on Freemasonry in the sense that it is a Jewish network that seeks control of decisionmaking centers in the world. It is a network similar to the Mafia in that it is willing to lift you to the top as long as you continue to serve it and pay back the debt.

When the world discovered the dangers of Freemasonry as it was exposed in some countries for the ugliness of its crimes and outlawed in others, the Jews, according to this book, quickly changed their tactics. As an alternative to Freemasonry, they instituted the Rotary and Lions clubs which have begun to proliferate in the world and are linked together in a suspect network that, the book claims, serves the objectives of World Zionism.

The most serious segment of the book is a list of members of such clubs in Egypt. One discovers at first reading that those members are secure at the top of the ladder no matter what happens or what they do and that they support each other, solidify their influence, and proliferate in all sectors be it medicine, industry, journalism, business..etc. They are closed societies, that being a prerequisite for clandestine work in the service of an international front which the book identifies as World Zionism.

In the sixties, when we discovered the dangers of Freemasonry, we outlawed it and closed its lodges. Likewise, when we discovered the dangers of Baha'ism as a corruption of Islam, al-Azhar ruled the Baha'is to be infidels with whom one should have no dealings. Rather, they should be totally shunned by society if not have their hands burned and be tortured until they repent. The Baha'is in Egypt are now before the just courts and we all await the verdict on these insufferable people. Islam recognizes divine religions but does not condone such infidelity as that of the Baha'is, Magi, and other dissident and heretical cults.

We must now uncover and expose the truth about the new Masonry, i.e., the Rotary and Lions clubs. If we uncover their moral, religious, and political dangers then they must be summarily closed and their members subjected to surveillance to keep their activities from turning into clandestine operations against the security of Egypt.

12945/12955
CSO: 4504/266

EGYPT

COMMENTARY ON SUSPENSION OF HAYKAL COLUMN

Paris AL-MUSTAQBAL in Arabic 19 Apr 86 p 14

[For related material, see JPRS-NEA-86-047 of 14 April 1986 p 2]

[Text] It recently happened in Egypt that the Egyptian newspaper AKHBAR AL-YAWM did not receive the third and final article in the series "Political Decisionmaking in Egypt," from the great Egyptian journalist Muhammad Hasanayn Haykal. Haykal had published the first and second parts of this series. Then the Central Security incidents took place, and he stopped completion of this series. Haykal wrote his wonderful article "The Power To Investigate and the Power of Truth," but the Central Security incidents came and went, and Haykal did not write on them. Because questions were raised, Ibrahim Sa'dah, editor in chief of AKHBAR AL-YAWM wrote an article from which people understood that Haykal would not be writing on a regular basis.

AKHBAR AL-YAWM did not receive the third article on "Political Decisionmaking in Egypt." With the attempt to try to take Haykal's pulse concerning the next articles after "Political Decisionmaking," the surprise came "that the man is determined to write on Egyptian national security now."

Haykal's office said that Ibrahim Sa'dah's circumstances were difficult. AKHBAR AL-YAWM said that the paper's circumstances these days do not permit the publishing of Haykal's articles. What is the true story?

It is hard to say that Sadatist, American, and Israeli pressure groups are to blame. Haykal used to write in spite of the opposition of these groups. The reason now is decisionmaking and Egyptian advisors who saw these articles as a clear and actual attack on the decisionmaking institution in Egypt.

It is also expected that the articles on Egyptian national security are more comprehensive and candid on the current situation in Egypt.

Thus, this mysterious statement on AKHBAR AL-YAWM's circumstances which do not permit these articles now. However, AKHBAR AL-YAWM's circumstances have not changed at all.

The situation now is that Haykal is forbidden to write in Egypt until further notice.

/6662

CSO: 4504/287

EGYPT

STATUS OF CENTRAL SECURITY FORCES IN SINAI

Cairo AL-JUMHURIYAH in Arabic 28 Mar 86 p 3

[Article by Jamal Kamal: "Our Forces Are in Sinai--Central Security Along the Borders. They Lived with Sinai Nomads and Set Up a City in The Desert"]

[Text] If disturbances in some Central Security camps' battalions at the Pyramids, which is only a few steps away from Cairo, have compelled us to re-examine the size, armament, and location of Central Security camps, these events must not compel us to ignore the role of Central Security forces in protecting our eastern borders along the 390 km of shoreline and Sinai territory.

Even if some Central Security personnel at the Pyramids camps have rebelled against their living conditions and treatment as a way of airing their grievances, 600 km away from the Pyramids, other Central Security personnel receive the same rigorous training and suffer from severe weather conditions. The only means of entertainment are the vast desert sands and their constant friend is Mount Sinai. Nonetheless, they have never preoccupied themselves with grievances about living conditions and it never occurred to them to lay down their arms to the same extent as they are preoccupied with the momentous responsibility of protecting Egypt's eastern borders.

For 20 full hours, AL-JUMHURIYAH lived inside Central Security camps in the depths of Sinai, in Nuwayba' and Taba, where thousands of foreign tourists go for recreation, regardless of its nature. In the Kuntilla desert with the deadly Sinai sands and in Rafah, a few steps away from the Israeli side, AL-JUMHURIYAH lived with Central Security personnel at observation posts in the Negev, al-Hashshah, and Taba. I lived with them while they carried their arms with utmost vigilance and watchfulness.

I experienced hardships shared by soldiers, officers, and commanders in overcoming this difficult life imposed by Sinai's sands and mountains. I saw how Central Security camps have been turned into centers of attraction for Kuntilla, Negev, and Taba nomads and I say how a small self-contained city has been built in the middle of Sinai.

Tenth Visit

In every one of my ten visits to Sinai, north and south, I was always interested in ascertaining the first line of defense in Sinai, represented in building and construction projects advancing and overcoming the Sinai desert, and in confirming the presence of our armed forces in Sinai in numbers that can guarantee its defense and protection. In every instance, I was able to confirm the presence of tanks, artillery, and engineering preparations.

22,000 Egyptian Soldiers

But this time I was preoccupied with the map attached to the peace treaty, so I returned to ascertain first hand that area "A", that begins at the canal bank, is truly the main line of defense, from its strategic straits to the eastern outlets where 22,000 Egyptian soldiers are stationed with their tanks, field and anti-aircraft artillery, armored vehicles, and missiles. Area "B", extending from al-'Arish to Ra's Muhammad has 4,000 soldiers equipped with arms and vehicles. Area "C", which extends from Sharm al-Shaykh to Rafah, 33 km into Sinai, is controlled by Egyptian police forces with no limits to their number or personal weaponry. This is the reason, as Major General Amin Badawi, Central Security director for Sinai, put it, for the special care afforded the men who guard Egypt's eastern gate with regard to their selection, training, and awareness of the nature of the mission assigned them. Therefore, they are chosen from among civilian police recruits who can read and write and are given the highest level of rigorous training necessitated by the area's circumstances.

Central Security in Sinai is divided into three sectors so as to guarantee control over all border access points:

- The northern sector, from al-Qantarah to al-'Arish, passing through Shaykh Zuwayd to Rafah.
- The central sector, from al-Isma'iliyah to (al-Jafajifah), (Nahil), Ra's al-Naqab, and Kuntilla.
- The southern sector, from Suez, Ra's Sidr, Abu (Zutaymah), Abu Rudays, al-Tur to Sharm al-Shaykh and Taba. Each axis has a command with observation posts that watch the borders 24 hours a day.

It is close to 1 pm. We have crossed 390 km from Cairo along the central axis in Sinai to the Sidr al-Hitan mountain chain, Egypt's first eastern gate. The road is monotonous and nothing changes save for the shape of sand dunes and the desert. We approach Ra's al-Naqab airport.

We go back to the silence of the road. Central Security patrol cars with armed personnel move along the borders at Ra's al-Naqab. Some bullets break this silence where some Central Security personnel are being trained in the use of light weapons.

Without any introduction, a self-contained city comes into view: water tanks and pre-fabricated housing in one row. Colonel Mahmud 'Abbas, central sector commander, notices our surprise. He says "this is not a residential city. It is the headquarters of the Central Security central sector. The command faced the problem of building it because contractors refused to work in the middle of Sinai due to supply problems. The nearest point to Suez is 350 km away and to al-'Arish, 190 km. We had to depend on ourselves, officers and soldiers alike. Hence the cohesion and harmony between officer and soldier, everyone working to set up a camp. Cohesion and harmony with 250 families from the Kuntilla nomads is imperative. Security forces, in fact, began setting up housing facilities without distinction between soldier and officer. Appropriate housing had to be provided and the camp had to have some amenities. The camp has three water wells close by, but chemical analysis proved that the water is not fit to drink, so I assigned a car to transport fresh water from al-Qaslimah 90 km away."

"In one year, officers and soldiers were able to set up the central sector command camp, metal toilets, a free bakery for the camp and area nomads, and two ambulances. The command set up inside the camp a classroom for nomad children who had to be lured and convinced of the need for education. Every one of the 24 students in the classroom receives a bag of sweets, eggs, and bread every day and this has made children compete for a seat in the classroom. A Central Security soldier, who has a degree in business, supervises the classroom."

But with all these facilities provided the camp, how did the soldiers at the camp receive the news of the disturbances? Sergeant Mustafa "Ali of al-Mansurah says that "up to last Tuesday, news of the events had not reached us. However, on Wednesday, we in Tabur were surprised when the camp commander told us about the riots. We all know the recruitment law. Those who are over three months behind have to serve an additional year which may not be waived. This is an old law enacted in 1980 and we are all aware of it. In conclusion, we are conscripted for a certain period of time, during which we do not expect compensation or salaries. Police personnel are no different from armed forces personnel in Sinai. Certain things are clear: leave at the borders is 14 days in 34 days."

Corporal Ibrahim Hasan 'Ali was surprised by what had happened. Officers and soldiers alike face the same hardships: drinking water, weather conditions, and Sinai sand. One kilometer away from Kuntilla camp is al-Hashshah observation post. It is a tower 15 meters high where two soldiers stand guard, one behind a telescope and the other in constant touch with mounted patrols.

The post is comprised of three equipped booths: one room for officers with the rank of first lieutenant and two for soldiers. All rooms are the same.

A few steps away from border points 67 and 68 and near the Israeli road is the car of an Egyptian patrol commanded by a first lieutenant. His armed soldiers roam all over all border points in the sector day and night.

And close to the wire that separates the borders, Central Security soldiers, each carrying a rifle in one hand and a clip in the other, walk back and forth along the border wire.

We leave al-Hashshah post to go to the Gulf of 'Aqabah near Taba. We find the camel police roaming the area on their camels.

We arrive at Taba. Things have changed since the first visit two years ago. Facilities have been set up for Central Security personnel. Two of them stand facing the wire opposite the Sonesta Hotel roaming the area back and forth.

12502/12795
CSO: 4505/269

EGYPT

BRIEFS

SUPPRESSED COLUMN RESUMES PUBLICATION--[For related material, see JPRS-NEA-86-047 of 14 April 1986 p 3]--President Mubarak personally intervened to end the 10-day-old crisis between our friend, the great Egyptian author Ahmad Baha'-al-Din in an official meeting which took place at the president's request. Ahmad Baha'-al-Din understood the significance of the meeting. The disagreement ended in a matter of seconds when Baha'-al-Din listened to the president's point of view. The meeting was transformed into a political discussion between the president and the great thinker concerning Egypt and the Arab nation. Ibrahim Nafi', editor in chief of AL-AHRAM and chief journalist, had forbidden the publication of one of Baha'-al-Din's "Yawmiyat" columns, and Baha'-al-Din refused to write for 10 days. No sooner had Baha'-al-Din decided to resume writing after his meeting with the president, without insisting on publishing the column which was the reason behind the dispute, that Ibrahim Nafi's men in the Egyptian press tried to criticize Baha'-al-Din's position, although they were completely silent during his refusal to write. Some people blamed Baha'-al-Din because he did not change the matter from a personal one into the larger issue, freedom of expression in the Egyptian press in general. [Text] [Paris AL-MUSTAQBAL in Arabic 12 Apr 86 p 10] /6662

PARTY WITHDRAWS APPROVAL OF CAMP DAVID--The Socialist Liberal Party in Egypt withdrew its former approval of the Camp David accords at its Secretariat General meeting. Mustafa Kamil Murad, head of the party, had accompanied Sadat on his famous visit to Israel in 1977, then visited Israel again later. Murad was interviewed on Israeli television after the recent Central Security incidents, and said that what had happened was not directed against Israel. But a change took place in the Liberal party when Shaykh Salah Abu Isma'il, Wafd/Muslim Brotherhood representative, joined the party. This affiliation, along with other Muslim Brothers' joining the party, reawakened in Mustafa Kamil Murad's soul the dream of being able to overhaul the party again. Some believe that abrogating approval of Camp David is merely a maneuver, especially since it was not linked to an unusual political event against Israel. The party statement only indicates that the party reviewed Israel's repeated violations of the accords, and the fact that America did not support the peace effort and assisted Israel with its aggressions. [Text] [Paris AL-MUSTAQBAL in Arabic 12 Apr 86 p 10] /6662

CSO: 4504/287

TUNISIA

CAPE VERDE PRESIDENT DEPARTS; JOINT COMMUNIQUE ISSUED

LD122342 Tunis Domestic Service in Arabic 1800 GMT 12 Apr 86

[Excerpts] Aristides Pereira, president of the Republic of Cape Verde, and his wife left Tunis today after a three day official visit at the invitation of President Habib Bourguiba.

Following the official visit by the Cape Verde president, a joint communique was issued today, which praises the [words indistinct] and friendly relations with this nascent republic; president, government, and people. It recorded the appreciation the guest expressed for the progress achieved by Tunisia under the wise leadership of President Habib Bourguiba and his respected government. During an exchange of views, presidents Bourguiba and Pereira expressed satisfaction at the growth of cooperation between the two countries and expressed their political will to give this cooperation a fresh impetus with the aim of deepening and diversifying it. President Bourguiba, chairman and founder of the Destorian Socialist Party, and President Pereira, the secretary general of the African Party for the Independence of Cape Verde, agreed on the need for consultation at periodic meetings between their parties, regarding issues of mutual interest. The guest of Tunisia held lengthy talks with the prime minister and Interior Minister Mohamed Mzali. At a working session attended by the two countries' delegations, they were concerned about strengthening the effective basis of cooperation among African countries on the basis of south-south cooperation, which is of vital importance to countries moving along the path of development and which could enable them to alleviate the bad consequences of the current world economic crisis and pave the way for a true north-south dialogue.

Regarding bilateral cooperation, the two sides agreed to develop economic and trade relations and technical and scientific cooperation. They decided to exchange missions to activate cooperation in industrial, agricultural, tourism, administrative reforms, vocational training and cadre training.

Agreement also was reached to raise the level of trade exchanges on the basis of mutual interest.

Regarding international politics, presidents Bourguiba and Pereira showed particular concern over coordinating the two countries' action in international and regional organizations. They agreed to facilitate the establishment of political consultation on issues of mutual concern and

continue efforts for the sake of stability, peace, and harmony for Africa's development in accordance with the principles of the UN Charter and the OAU.

The two presidents reaffirmed their absolute support for the struggle of the brotherly peoples in Namibia and South Africa under the leadership of their liberation movements, expressing their great concern over the persistence of massacres against the peoples of South Africa, who are victims of Pretoria's apartheid policy. They stressed that establishing a lasting peace in this part of the continent will not be achieved without Namibia attaining its independence in accordance with the UN Security Council Resolution No 435 and without the total destruction of the [word indistinct] apartheid regime. They strongly condemned the repeated attacks carried out by South Africa against Angola and other frontline countries.

They also voiced concern over the situation in northwest Africa and expressed hope for the success of efforts currently being made under the auspices of the United Nations on the basis of the principle of self-determination to find a final solution to the Western Saharan conflict. The two presidents addressed a fresh call to all Chadians, urging them to make every effort to reach, among themselves and away from all foreign interference, a political solution to their differences in order to safeguard their country's territorial integrity, stability, and unity in peace and harmony.

Regarding the Middle East issue, Presidents' Bourguiba and Pereira stressed that establishing a just and lasting peace in the region must be based on the settlement of the Palestinian issue on the basis of recognizing the inalienable rights of the Palestinian people, especially their legitimate right to establish an independent sovereign state over its land and Israel's withdrawal from all occupied territories, including Jerusalem. They believe that any solution to the Middle East issue that would return a just and lasting peace to the region must be sought through an international conference under UN supervision with the effective participation of the PLO. The president of the Republic of Cape Verde condemned the unjust Israeli aggression against Tunisia's sovereignty and territorial integrity. He and President Bourguiba urged all peace- and justice-loving countries to do all they can to put an end to the policy of state terrorism. They also addressed a call for ending the Iran-Iraq war, which constitutes a serious threat to peace and security in the Gulf region and the whole world.

The two heads of state analyzed the repercussions of the world economic crisis on Third World countries in view of its lack of equality and justice, its protectionist characteristics, and hinderance to north-south negotiations. [as heard] They expressed their concern over the increasing debts of Third World countries, which have been aggravated as a result of world currency [word indistinct], hoping that the forthcoming special United Nations session, due to be held in May 1986 in New York, would be an important step toward finding substantial solutions responding to African people's aspirations.

At the end of this stay in Tunisia, the president of Cape Verde sincerely thanked his big brother Habib Bourguiba for the warm welcome he was accorded throughout the visit. He extended an invitation to the supreme combatant Habib Bourguiba to pay an official visit to the Republic of Cape Verde. The

invitation was cordially welcomed and the date will be specified later through diplomatic channels.

On his part, President Habib Bourguiba voiced his deep satisfaction over the excellent results that crowned the visit by President Aristides Pereira to the Tunisian Republic and praised the wisdom and [word indistinct] by which he is leading the Republic of Cape Verde.

/12913
CSO: 4500/114

TUNISIA

BRIEFS

NEW UN/GENEVA ENVOY--President Habib Bourguiba had talks this morning with Mohamed Mzali, premier and minister of interior, in the presence of Mansour Skhiri, minister and director of the Presidential Office; minister of the Civil Service and Administrative Reform; and Zine El Abidine Ben Ali, minister in charge of national security. He signed an order appointing Mezri Chkir as permanent representative at the United Nations and specialist agencies in Geneva with the rank of minister. [Excerpt] [Tunis Domestic Service in Arabic 1600 GMT 15 Apr 86 LD] /12913

AGREEMENT WITH THAILAND SIGNED--Mr Beji Caid Esebsi, who is continuing his official visit to Thailand, held a working session with his Thai counterpart, Sitthi Sawetsila, deputy prime minister and minister of foreign affairs. During an official ceremony after the meeting, the two ministers signed the first commercial agreement regulating exchanges between Tunisia and Thailand on the basis of most favored nation status. [Excerpts] [Tunis Domestic Service in Arabic 2300 GMT 15 Apr 86 LD] /12913

SECURITY COOPERATION AGREEMENT--Tunis, 18 April (KUNA)--It has been reported here today that the Tunisian and Italian Government have decided to expand the area of their cooperation in order to safeguard security and peace in the Mediterranean region. An informed source told KUNA that the Tunisian Ambassador to Italy Ahmed Bennour met in Rome yesterday with Italian Prime Minister Bettino Craxi. He [Bennour] discussed with him a number of topics in this connection at the request of his government. [Text] [Kuwait KUNA in Arabic 1615 GMT 18 Apr 86 LD] /12913

CSO: 4500/114

BAHRAIN

REASONS FOR LIQUIDATION OF ARAB-EUROPEAN BANK EXAMINED

London AL-MAJALLAH in Arabic 12-18 Mar 86 pp 34-36

[Article: "Disagreements Result in Liquidation of Arab-European Bank; Bahrain Minister of Finance: Problem Began in London and Bahrain Is Capable of Standing Fast"]

[Text] The decision taken by the Arab-European Bank to fully liquidate its activities within 2 years and to close its four branches in Bahrain, London, Frankfurt, and Brussels has aroused conflicting reactions on this decision's impact on the financial markets. It has also given rise to numerous questions concerning the future of the joint banks on the one hand and, on the other hand, the future of the Bahrain market as a distinguished financial center in the Arab area and as a central site between the East and the West.

It is no longer secret, according to an official of the Arab-European Bank branch in Bahrain, that the decision to liquidate the bank's activities has come as an inevitable result of the disagreements between the Arab and European groups owning the bank over the bank's financial policies. The decision was made at a meeting of the bank's board of directors on 18 December 1985 after the bank had suffered in the two past years financial losses resulting from its loan plans, especially in the Middle East area. The bank's crisis intensified, according to the same source, because of the recession in the world economy and of continuation of the Iraq-Iran war, not to mention the problems generated by the crisis of the Kuwaiti al-Manakh market and the reduction of the general spending programs by numerous Arab countries.

It is well known that the Arab-European Bank has several subsidiaries, namely: The holding Arab-European Company in Luxembourg, the Arab-European Bank in Brussels, the Limited Arab-European Bank in Frankfurt, the Limited Arab-European Bank in London, and the Middle East Arab-European Bank in Bahrain.

The list of Arab shareholders in the Arab-European Bank includes the Abu Dhabi Arab Development Fund, the Algerian National Bank, the Moroccan External Trade Bank, the Central Bank of Syria, the Sultanate of Oman Bank, the Lebanese Trade Bank, the Egypt-Lebanon Bank, the Lebanese Credit Bank, the Libyan National Trade Bank, and the Egyptian National Bank.

The European shareholders' group includes banks from Austria, Belgium, the FRG, England, Japan, Switzerland, and the Netherlands. These banks are: The Austrian Credit Bank, the Belgian General Banks Establishment, the German Bank, the Midland Bank, the Standard Charter Bank, the Limited Bank of England, the Limited (Koji) Bank and the Limited Industrial Bank of Japan, the Bank of Holland in Amsterdam, and the Credit Suisse of Switzerland.

Bank's Financial Activity

A quick glance at the latest annual report on the activities of the Arab-European Bank Group for 1984, considering that the bank has not issued a report for 1985 because of the liquidation decision, shows that the total profits produced by the bank's branch in Brussels, before deduction of the expenditures and appropriations, amount to 239,891,000 Belgian francs or the equivalent of 19 percent of the bank's private assets. The bank in Brussels maintained the policy it followed in 1983 to bolster the reserves and appropriations so as to counter any limited and general risks. The bank maintained its commercial activity in the sphere of documentary loans, with the collateralized loans amounting to 6,467,000,000 Belgian francs and the documentary loans amounting to 1,729,000,000 francs. The Arab-European Bank of Brussels continued its activity in the financial market, with the currency and exchange transactions taking an important share of the activity and with the average daily activity amounting to 120 [as published] dollars. The futures exchange transactions steadily increased, especially transactions in dollars for marks and dollars for Belgian francs.

If we turn to the bank's branch in Frankfurt, we find that the report notes that the German trade balance with the Arab area showed a surplus of 5.7 billion Deutschemarks compared to a surplus of 7.5 billion in 1983. The report says that the constant drop in the volume of German exports to the Arab area and the changes in the percentages the bank was allowed to lend resulted in a drop in the bank's total documentary loans in 1984 in comparison with the 1983 credits. Despite this, the bank was able to increase its profit a little by virtue of the rise in the margins collected. The bank also appropriated 8.4 billion marks to face the continuing risks in international loan transactions.

As for the branch of the Limited Arab-European Bank in London, the report shows that the bank was able in 1984 to maintain the level of the activity achieved at the beginning of the year and that this resulted in increasing the bank's commission fees and other revenues and in making up for the shortfall developing at a similar rate in the net interest yielded by the medium-range loans. This consequently led to reducing the general expenditures. The bank's refraining from employing more workers enhanced its ability to gradually accumulate appropriations for doubtful debts.

By the end of 1984, the profits of the bank's London branch amounted to nearly £2,556,227, whereas the net profits amounted to £327,326. The bank management recommended that no profits be distributed for 1984.

We now get to the (Middle East) Arab-European Bank branch in Bahrain. The decision to liquidate this branch as a result of the full liquidation of the bank's activities has aroused speculation concerning the future of Bahrain's financial market. What interests us is that the report of the Arab-European Bank Group says that the (Middle East) bank's branch in Bahrain adhered to the policy formulated by the group and acted cautiously and that this reflected on the bank's lending activity which devoted greater attention to geographic distribution and short-term loans. At the end of 1984, the bank's general budget in Bahrain amounted to \$377 million, compared with \$416 million in 1983, with the loan purse in this budget amounting to \$247 million of the total sum noted for 1984. The bank deposit activities rose from \$89 million in 1983 to \$105 million at the end of 1984, whereas the net profit, after deduction of the expenditures, amounted to \$327,326.

Reason Lies in Disagreement

It is undoubtedly obvious from all this that despite the difficulties faced by the banking sector throughout the world, including the Arab-European Bank, this bank had the possibility to continue. This proves that the bank did not decide to liquidate its activities as a result of a stifling financial crisis or of being on the brink of bankruptcy. Rather, the main factor was, according to the official of the bank in Bahrain, the disagreement between the Arab side and the European side. The source said that the financial group reevaluated its position and policy in light of the other factors which affected the bank. The group assessed its assets at nearly \$2 billion.

The source added that the group set a 2-year period of grace to liquidate the bank branches gradually, depending on the loan purse of each. Other banks will purchase this purse in full or one of the two sides to the partnership in the bank, either the Arab side or the European side, will offer to fully purchase it. This will enable the bank to terminate all its commitments to its clients.

According to the source, the grace period is likely to maintain the value of the loans purse so that it may not be sold much below its value if some try to exploit the opportunity of the termination of the bank's activities and of the bank's efforts to liquidate its activities and end its commitments.

But does what is said regarding the impact on Bahrain's financial market and regarding the decline the market is currently experiencing match the reality or not?

An official source of the Bahrain Currency Establishment has said that the revival expected for the world economy in 1984 did not materialize. While some major international borrowers approached the point of overcoming the difficult phase in the negotiations to reschedule their debts, we find that other countries were forced to demand new terms for the repayment of their foreign debts. The source added that the Arab group has been aware of the shadows cast by the area's troubled situation. In addition to the Iraq-Iran

war and the problems emanating from the Kuwaiti al-Manakh crisis, we find, the source has said, the consequences generated by the drop in revenues resulting from the decline of the oil prices. In the wake of this drop, the general spending programs have been reduced and the importation of goods and services has been curtailed. This has been coupled with austerity policies that seek to curtail the enormous aid advanced by the countries concerned which have levied various taxes and fees and have encouraged the private sector to play an effective role in their economies.

But even though Bahrain has been affected by the general situation, its financial authorities have exerted tangible efforts, according to the banking source, to diversify the economy and develop the nonoil sectors, thus helping Bahrain maintain its position as an important regional service center. The new opportunities appearing in the horizon for real estate and industrial investment as a result of construction of the Saudi-Bahrain bridge have contributed to bolstering Bahrain's economic and industrial accomplishments. Meanwhile, the banking sector has surpassed the slow growth rates and has produced a new revenue resulting from the rapid change in the Gulf credit markets.

Bahrain Minister of Finance Responds

We still have the important question: Is the Arab-European Bank Group's liquidation of its international activities and branches, including the Bahrain branch, a signal of the beginning of crises and problems for the Bahrain banking market and an indication of withdrawal of the offshore banking units from the Bahrain financial market?

Ibrahim 'Abd-al-Karim, the Bahrain minister of finance and national economy, has stressed that all the world financial markets are experiencing numerous problems at present. The United States, for example, saw the bankruptcy of dozens of banks in 1985, the most significant being the case of the Continental Illinois Bank in Chicago. For the first time in its history, the U.S. administration was forced to intervene through the Federal Reserve Bank and in violation of its free-market economy to seize the bankrupt bank. Such a step is unbelievable in a society like the U.S. whose backbone is the philosophy of the fully free economy.

The Bahrain minister also said that the other markets in London, Frankfurt, Hong Kong, Singapore, and even the Caribbean are experiencing the same problems due to the presence of fundamental barriers and obstacles facing the banks in connection with the volume of loans advanced by these banks to the developing countries and with the problem of the repayment of these loans. This has had its impact on the financial centers and the banks have been forced to reexamine their financial costs and the costs of their administrative units, with some banks closing some of their units and others reducing their activities. An example is found in the Continental Illinois Bank's branch in Bahrain which withdrew when the main bank in the United States went bankrupt.

Bank Withdrawal After Liquidation of London Center

The Bahrain minister of finance and national economy has noted that the withdrawal of the (Middle East) Arab-European Bank from Bahrain has come as a result of liquidation of the bank's activities in London where it has incurred major losses in a center that is not a major center. Consequently, the bank's liquidation there has extended to all its other external branches. The minister also says that the other banks are trying to reduce the numbers of their employees and the volume of their operations. This constitutes a part of rearranging the house by these banks.

As for the Bahrain financial market, the Bahrain minister of finance has asserted that it is currently stable under difficult circumstances, with the assets of the offshore banks and the branches of international banks in Bahrain ranging from 56-57 billion U.S. dollars. He has also said that it is true that the volume of these assets has dropped, but that the drop is small.

The minister further said: "I don't believe that many banks will withdraw from Bahrain because most of these banks are international banks which have organized their affairs. Most of them have come to this country because it is a financial center in a geographic area suitable for transactions between the East and the West. What distinguishes Bahrain is that the banks existing in it can deal with the Far East, obtain the latest prices, and convey them to Europe. The Far East is 4 hours ahead of Bahrain. Thus, while the Far East markets are about to close their doors, Bahrain can catch up with Europe and cover both areas in a short period of time. This is in addition to the numerous other advantages distinguishing Bahrain's market. This is what has motivated most of the heads of the international banks to assert repeatedly that they will stay in Bahrain which has fully met the requirements of a financial market. This dictates that their banks stay in Bahrain as they stay in any other financial market in the world. Therefore, I can assert that Bahrain's financial market is well and that it will continue and will maintain its distinguished character in this central geographic area between two important areas in the world of banks and finances, namely, Asia and the Far East and Europe."

8494/13046
CSO: 4404/272

BAHRAIN

STIMULATING ECONOMY THROUGH INDUSTRY URGED

London AL-MAJALLAH in Arabic 2-8 April 86 pp 36-37, 39

[Article: "In Attempt To Stimulate the Economy, Bahrain Says: Industry Is Necessary Strategic Choice"]

[Text] In an attempt to deviate from the economic stagnation which prevails in the world in general and in the gulf region in particular, especially with the current shift in international oil markets and deteriorating barrel prices, it was necessary to search for an escape which re-stimulates economic vitality and maintains its course. In the framework of attempts made in this area, Bahrain's Chamber of Commerce and Industry came up with a group of proposals that will guarantee stimulation of the economy in Bahrain.

Experts of the chamber unanimously agreed in the beginning that the most important causes of economic downfall which the gulf region currently witnesses are due to the decrease in oil quantity which the regional states export. Following that came the decrease in oil prices and consequently the decrease in imports by gulf states. This made these states reconsider their economic plans by moving toward decreasing general expenditures or prolonging their plans, as in the case of Bahrain.

Moreover, among other causes are the shrinkage of cash surpluses in the budgets of the regional states' foreign trade, and in some cases, the surpluses becoming deficits. This does not take into account the average decrease in the surplus of per capita income while its rigidity or shrinkage at other times follow according to the size of consumer buying power and the active demand in the market.

Chamber experts add that stopping or cancelling some of the proposed projects for economic development resulted in the dismissal of a large number of foreign and Arab employees, which in turn affected the power of supply and demand in the market. Chronically poor weather conditions add another reason for the economic downfall, along with the oil glut phenomenon, which adversely affected the economies of gulf region states. The result of this crisis is reflected in the rest of the gulf states and led to shaken confidence in the stock market. Moreover, some economic efficacies, which were exposed to bankruptcy, halted and some general stock companies stumbled; in addition, the Iraq-Iran war caused further complications to these changes.

Bahrain's Chamber of Commerce and Industry defined the problems from which all sectors of the Bahraini economy suffer and, in light of these, proposed ways of solving these problems which eradicate the current state of stagnation and push the Bahraini economy forward.

In the trade sector, for example, the chamber experts demanded some measures which guarantee stimulation of transit trade and re-exportation, with a view toward improving the quality of exporting and importing vis-a-vis re-evaluating systems and fees pertaining to transit trade and granting sufficient facilities to launch in this area. They asserted the necessity of issuing a system that encourages re-exporting goods from Bahrain abroad, like the system of refund (draw back) which permits the buyer to regain custom fees paid in order to re-export the goods. They called for the pursuit of policies which increase competitive capabilities for Bahraini merchants through re-evaluating different administrative fees and public utility services required of the Bahraini merchant.

Organizational Necessities

The chamber's proposal pointed to the necessity of regulating issuance of commerce records vis-a-vis organized and calculated steps and of pursuing supervision of methods of their utilization in accordance with the market's needs for different types of records according to definitive regulations which fit conditions of laws of commerce recordkeeping in Bahrain. Moreover, the proposal asserted the importance of issuing regulations which guarantee the buying power of joint national Bahraini and foreign companies in purchasing their necessities from available local markets and compelling foreign contracting companies, which place bids on implementing some of these projects, to purchase a specific percentage of their needs from local markets vis-a-vis the commerce sector. The chamber also called for reduction in insurance costs which the merchants bear.

In the industrial sector, the chamber asserted that industry in Bahrain, in all its forms, is a necessary strategic choice which keeps abreast of the general policy targeting diversification of national income sources. Therefore, the chamber calls upon the state to adopt a clear policy to improve the industrial sector and enable it to perform its distinctive role.

To realize this role, the chamber demanded action to direct investments in the private sector toward investments in the industrial sector and to employ available natural gas in Bahrain more economically effective than it is being employed in several industries, along with regulating special costs for the private sector to enable it to use this gas in a more effective manner. The experts who made the proposals called for industrial and productive policies which translate the region's ambitions to tangible reality consistent with requirements of economic development in the region. They also demanded applying great effort at the beginning of any industrial project to assess the technical and economic benefit which will be employed, to assess the cost-related policies of production according to its real value in regard to

similar imported goods, to define the required and desired industry by the local regional market, and to determine the production volume and its marketing and distribution methods.

Industrial Bank

Because of financial loss, owners of unsuccessful projects as well as the Bahraini national economy might suffer. The Bahraini Chamber of Commerce and Industry also concentrated, in their proposal for stimulating the economy, on the importance of selecting the best economical and professionally technological means pertaining to a project after comparing different types of technology, on considering labor required to operate the project, on ensuring continuity of successful industrial projects, and on correcting the course of stumbling projects. The chamber called for reduction in rents of industrial areas and costs of electric energy and water based on the principle that rising energy cost is in itself an increase in the cost of production. The chamber also asserted the importance in establishing a specialized industrial bank or assigning a certain party or issuing legislation that will compel the commercial banks to grant loans to investors in the industrial sector at low interest and with grace periods at the beginning of the projects as well as delimiting long periods of maturity. The chamber demanded a law which will compel consultants and engineers to place locally manufactured material within contract bids and compel foreign companies and the private sector to obtain their requirements and raw materials from nationally manufactured products whenever these products meet required conditions.

Likewise, the chamber demanded that tools and equipment and basic materials used for industrial purposes be exempted from customs fees and that a joint committee representing the parties concerned be formed to define the characteristics and measures pertaining to local industrial production and conditions under which they will be used in local projects, to periodically upgrade them in conformance with new developments as well as concentrating on continuous review of incentives and evaluation of the extent of their qualifications in terms of realizing their objectives, and keeping abreast of the latest developments. The chamber called for the participation of the private sector in planning and in industrialization strategy on the principle that this sector is the one basically concerned with implementing these plans and strategies.

The chamber's experts proceed to the service sector, analyzing it and defining its problems, and eventually draw up plans and proposals on methods of stimulation. They said that in order to overcome the current crisis in the monetary and bond market on the one hand, and to stimulate the market on the other hand, the situation calls for immediate and delayed solutions. The experts defined the immediate solutions, saying that these solutions lie within the formation of a joint committee from the highest levels of trade, finance, and national economy ministries, and also from the Bahraini monetary establishment and Chamber of Commerce and Industry in order to define the size of the problem in terms of monetary sums and the number of those affected and their categories,

while freezing benefits and scheduling debts and offering available loans to support monetary circulation with the necessity of having the government bear part of the burden in order to solve the bonds problem.

Other Solutions

Long-term range solutions, according to the chamber, are confined to the following points:

- Developing bank note markets and establishing a stock exchange in conformance with the needs of the Bahraini market, drawing definite plans and measures to grant licensing for establishing new companies, and the necessity of finding new and enticing investment loopholes with the objective of limiting speculations stimulated in the absence of reasonable opportunities of investment.
- Placing greater supervision on banks to adhere to their purposes and direct their activities in a productive manner which prevents plunging into speculations and benefitting from quick and easy profits while urging corporations and general establishments to use part of their savings in investments in the stock market of local joint-stock corporations.
- Providing necessary information on joint stock corporations' situations and their financial centers which provide investors ease of making sound investment decisions and allow citizens of Gulf Cooperation Council states to possess stocks and move toward investment awareness and to restore their confidence in this area.

In the banking and insurance sector, the chamber asserted that it is an important area in terms of service, concern; concentration on this sector provides support and effectiveness as a distinctive commercial and financial center. For this reason, the chamber suggested some solutions to stimulate this sector, among which are the following: finding a flexible system to limit interest on loans as well as deposits. In regard to collecting loans and debts, the chamber sees that banks face a serious problem which resulted from the failure of many agents to meet their obligations at maturity.

The chamber sees that insurance companies also face problems such as lack of protection in the national market and the rise of compensatory sums which courts grant victims of automobile accidents in a manner inappropriate to insurance premiums and similar problems. The chamber suggests many solutions for filling the gaps in the insurance sector. Among these solutions are hastening an insurance industry law which dictates that insurance of money and property be of Bahraini responsibility with a registered company in Bahrain and establishing limited schedules for compensation in cases of death or permanent disability by which courts will be guided in estimating compensation.

The Residence Sector

The chamber sees that the real estate sector in Bahrain has suffered continuous stagnation in recent years. The decrease in building rental amounted to 25 percent annually from 1983 to the present. The chamber has suggested ideas to stimulate the real estate market and demanded that parties concerned study the residence market in terms of supply and demand and future expectations as well as halting the grants of building permits unless the studies confirm a real need for them. It asserted that part of the residence problem might be solved if reasonable levels of rent occur causing the demand within the market to revive. It concentrated on the necessity of continuing monetary and credential policies which limit inflation of the supply in the real estate sector such as rising interest rates on mortgages which are granted to the real estate sector, or to limit their size, and the necessity of hastening to issue deeds and lot surveys to stimulate the flow of real estate transactions.

The chamber called for establishing a real estate bank that participates in advancing the cycle of construction in the private sector with reasonable interest rates. Likewise, it demanded stoppage of construction of marine areas except in the case of dire need to respond to construction and industrial expansion of the covered areas. Furthermore, it demanded participation of the real estate sector in residence and development programs inasmuch as it is possible to participate in stimulating transactions and real estate sectors.

The chamber eventually discussed the tourist and transportation sector which is the sector that experienced a recession immediately followed by a decrease in the Bahraini income in recent years. To re-stimulate the effectiveness of this sector, the Bahraini Chamber of Commerce and Industry's proposals assert the necessity of establishing and developing public utilities and recreation of tourism as centers of exhibition, assembling beaches, and coordinating between specialized official systems and the private sector to invest in this area in addition to encouraging investigative panels and conferences in Bahrain.

The chamber further called for the increase in the effectiveness of the Bahraini international airport in response to requirements of continual development in the travel and aviation industry for encouraging more international airlines to use the Bahraini airport as a layover station during their trips east and west, for providing more facilities and decreasing special measures pertaining to increasing the number of travelers passing through, and for facilitating the granting of temporary tourist visas. It also called for coordination with airlines to adopt price-related policies that will encourage tourism to Bahrain and facilitate freedom of transportation after the opening of the bridge between Bahrain and Saudi Arabia.

Concluding its proposals designed to stimulate the economic situation in Bahrain, the Bahraini Chamber of Commerce and Industry asserted the necessity

of encouraging businessmen and foreigners residing in other Gulf states to visit Bahrain by lifting the restrictions that limit these visits and to increase the facilitations granted for them. It called for organization of the hotel industry while disallowing establishment of new hotels except in extremely urgent situations.

13035/12795
CSO: 4404/282

ISRAEL

MK CHARLIE BITON INTERVIEWED

Jerusalem AL-BAYADIR AL-SIYASI in Arabic 22 Feb 86 pp 27-29

[Interview with Charlie Biton, member of the Knesset from the Democratic Movement for Peace and Equality (HADASH), by Salman Yusuf: "Establishing a Palestinian State Is the Best Solution of the Conflict; Diverting the Libyan Airliner Was the Result of a Terrible Decision; There Are No Basic Differences Between the [Likud] Bloc and the [Labor] Alignment; Any Rational Person Who Looks at Ge'ula Cohen Sees that She Is Not Rational; Peres' Peace Moves Are Merely a Maneuver; Frenzied Dances and Inane Songs Are Not an Ideology"; date and place not given]

[Text] Member of Knesset Charlie Biton belongs to one of the poor families that came from Morocco in the Arab West. He grew up and reached maturity in one of the poor districts of Jerusalem, al-Misrarah, where he suffered on account of the policy of discrimination followed at that time by the ruling MAPAI Party toward Jews who had come from Arab and Islamic countries. The general outlook of official establishments was one of superiority and of pathological conceit, resembling an inferiority complex more than anything else. This was because the political leadership and high officials in Israel either were from the countries of Europe or were from families of European descent and had been brought up and educated according to colonialistic theories denying the existence of any civilization in the world except European civilization. They therefore saw the oriental Jews as uncultured barbarians and as if they had come from countries where they had gone barefoot and naked. This led government agencies to neglect them and squeeze them into camps or old abandoned houses like cattle pens. In view of Israel's deteriorating economic conditions, the majority of oriental Jews remained unemployed, living in a vortex of idleness, aimlessness, hopelessness, and despair. These inhuman conditions drove their young people into the embrace of crime, delinquency, drugs, etc.

The First Disturbance and the Black Panthers

The first clash between Moroccan immigrants and the police occurred during the mid-fifties. The disturbance began in Wadi al-Salib in Haifa and spread to include other areas. However, the government (that of Ben Gurion at the time) was able to suppress it with promises and threats, and the sixties were years during which Israel experienced thriving economic

prosperity. In 1966, however, the country experienced a recession whose results were quickly reflected in the poor classes and in families with many children, the overwhelming majority of these being families of oriental Jews. This led members of Moroccan immigrant families, who were the poorest, least educated, and most oppressed of the oriental Jews, to form the Black Panthers (on the model of the Black Panthers in America). The organization conducted demonstrations and strikes and demanded rights for the Moroccan community. The struggle of the Black Panthers reached its climax when some of their young leaders broke into a supermarket, stole milk and basic food-stuffs, and distributed them to poor and destitute families. The police arrested some Black Panther leaders, foremost among them being Charlie Biton, Sa'adya Martsiano, and others.

Sometime later, the Black Panthers split apart. Martsiano joined the Labor Alignment. Charlie Biton's faction joined the Democratic Movement for Peace and Equality established by the Israel Communist Party (RAKAH). The remaining sections of the Black Panthers disintegrated and dissolved into the framework of the Israeli Zionist parties.

AL-BAYADIR AL-SIYASI met with MK Charlie Biton and conducted the following conversation with him:

The Law Opposing Racism Is More Opposed to the Left Than to Extremism

[Question] A short time ago, in the wake of the Libyan airliner's being forced by Israeli planes to change its course and land in Israel, you placed a no-confidence motion on the agenda of the Knesset. Did you think the Knesset would support you? Or was this just a move and a political tactic?

[Answer] This step is a recognized political tactic in the Knesset; it is almost a custom. Even in past days, when one of the two major parties formed the government and the other one was in opposition, the opposition used to introduce motions to withdraw confidence from the government.

The underlying aim of this motion of ours was to draw the attention of public opinion and the media to the amazing and strange decision made by the defense minister, the army chief of staff, and other political decision makers to force the Libyan plane to land in Israel. This impromptu decision came after only a few minutes of hasty thought--crossing the street sometimes requires more thought than was given to this terrible decision! No one knows how to explain the manner in which it was made. The best indication of this is the meager pronouncement Shimon Peres has given, saying that he and Defense Minister Rabin alone bear the responsibility. It is strange that the two of them have not drawn the consequences: According to international and political custom, anyone who bears responsibility should resign from his office.

They Try To Cover Up, Not Combat Racism

[Question] By coincidence, we are holding this interview on the day when the Knesset may debate the second and third readings and approve the law to oppose racism and outlaw racist provocation. Do you see in this law an effective tool for preventing spreading racist irresponsibility?

[Answer] This law, in the form in which it was presented to the Knesset, is not against racism. It is an attempt to cover it up, instead of exposing and revealing it to the public, combatting it, and preventing any racist or racist bloc from entering the campaign for election to the Knesset. It is really a law aimed at combatting leftist parliamentary blocs more than at limiting racist activities. This is the reality that the government and the media are trying to hide.

Zionism Spreads Lies, the Media Publishes Them

[Question] As a member of one of the oriental Jewish communities, how do you explain to me the phenomenon that these communities support the Kahane people, the ultranationalists represented by Tehiya (the "Israeli Ba'th"), the Likud Bloc, and other extreme racist parties?

[Answer] These allegations are part of the body of agreed upon lies that the Zionist parties propagate and that the media publish as if they were proven facts. To my great sorrow, this slander has deceived the Arabic newspapers. Actually, however, if we look for the source of the votes obtained by the extreme racist blocs and lists--including the Kahane people and Tehiya--and ignore the [Likud] Bloc, which is in itself extremist, but which I will not go into for reasons that I will mention shortly--

Extremism Prevails Among Members of the Israeli Army

I say that if we look for the source of the votes obtained by the extreme racist groups, we find the overwhelming majority of them are from European Jews, not from oriental Jews. The majority of them are from the settlements in the occupied territories or are votes of the wealthy, economically established Ashkenazi class (European Jews). To explain this, I would say that if we looked for the source of the votes given to Kahane, the majority of them are from members of the Israeli army, where blind extremism votes, and then from the settlements in the occupied territories. There is also a high percentage of residents of the city of Bet Shemesh, a development city likewise resided in by Jews from Europe or America. It should be pointed out that they make up 3 percent of the population of the city, which tallies with the percentage of votes given to Kahane by the residents of this city. As you know, the percentage of oriental Jews among the total number of settlers in the occupied territories is minuscule, almost zero.

[Question] Why did you ignore the great support that oriental Jews give to the [Likud] Bloc, although it is known to be an extremist bourgeois right-wing party?

[Answer] I did not ignore it; I know that it is an extreme right-wing party. However, if we compare it with the Labor Party within the general political context, we find that there are no essential differences between the two parties. They are equals, more or less. At the same time, we find that the overwhelming majority of oriental Jews do not get involved in political affairs. All they want is to get even with the Labor Alignment that oppressed them in the past. This means that oriental Jews support the [Likud] Bloc to strike at the Labor Alignment, not as a result of political ideas.

Jews of European Origin Are More Extreme

If we examine the leaders of the extreme right, we find that they are Ashkenazi (Jews of European origin), like Kahane, Sharon, Shamir, Levinger, and others. The proportion of oriental Jews among them is very small, foremost among them being Ge'ula Cohen. She is a strange phenomenon, one of a kind. Any rational person who contemplates her or is prepared to look at her would say to you, "Sorry, I don't understand medical matters, but this lady is feeble-minded or insane. She is not a rational person."

I can definitely say that members of the oriental Jewish communities are still not affiliated with the extreme right and are not the "cannon fodder" of this extreme right.

[Question] Then what is the source of these rumors about the extremism of the oriental Jews?

[Answer] I think the government is behind this charge. It has an interest in sanctioning it. For reasons that we know and that need not be mentioned here for lack of time, the attempt to convert them into extremist elements has been a strenuous one.

[Question] I notice that you have completely disregarded a religious parliamentary bloc called SHAS [Sephardi Torah Guardians] that represents oriental Jews. Do you think that they, while renouncing extremism, are really extremists?

[Answer] I do not want to defend SHAS or other groups. However, this bloc is trying to confront Agudat Yisra'el (a very extreme religious party led, behind the scenes, by Rabbi Shakh and the Council of Elders of the Revolution; in the Knesset they are led by Rabbi Shapira, who owns carpet factories and heads the finance committee of the Knesset). The major interest of these groups is to look after religious matters--their major interest. I would say even more: There is no difference between SHAS and the Morasha bloc (a right-wing religious bloc led by the extremist Rabbi Hayim Druckman, who withdrew from MIFDAL (NRP) and established a bloc called Masad, "the Religious Zionist Camp," which was joined by rabbis from among the settlers and by other religious elements to form the Morasha, or "Heritage," bloc). These people are all hawks looking for solutions within religious frameworks so extreme as to be "folly."

I therefore did not try to link the SHAS group with the ultranationalism pursued by the secular political parties and blocs.

The Black Panthers Are a Social Uprising, Not an Ideology

[Question] You were previously a leader of the Black Panther movement, which played a decisive role from the mid-fifties until the mid-seventies. This movement, however, rapidly became divided. Its leaders parted, and the movement disappeared from view. What was the reason? Was it the result of disagreements among yourselves, or were there other reasons?

[Answer] In fact, the government was really and actively out to break up and destroy the movement. It fought the movement with all the means and methods of the authorities--even though we were not a movement with an ideology, but a group of people from the poor districts drawn together by circumstances. We tried to crystallize a political line out of our struggle, but events led us at times to make decisions in view of current circumstances, and we made compromises. The authorities were able to sow dissension in our ranks, and we broke up. Some, under the leadership of Sa'adya Martsiano, found a place in the ranks of the Labor Alignment that had oppressed us for years. There were groups that joined other parties and blocs and vanished among them. A portion joined the Democratic Movement for Peace and Equality (HADASH) and we are still working within its framework.

[Question] It is mentioned that the Black Panther movement arose against a deteriorating economic background being experienced by the oriental Jewish communities. Today, economic conditions are bad for the majority of members of oriental Jewish communities. Is this a sign that movements on the model of Black Panthers will arise?

[Answer] True, the oriental Jews are suffering because of the suffocating economic crisis, besides the social problems--namely, that most of them are from families with many children and live in poor districts and development cities. However, there is an obstacle that prevents their going out into the streets to struggle. I can describe it as the obstacle of contemplation: They are watching and examining the behavior of this amazing and strange government that does not know how the country is tending or where it is going. These people, that is, have not yet comprehended its political and economic steps. Nevertheless, I think that in a short while they will find no way to avoid organizing their ranks and going out into the streets, because the economic burdens are being thrown onto their backs and they are sinking under them.

An Exile and Ghetto Mentality Dominates Peres and Shamir

[Question] We gather from the statements of your bloc in the Knesset, from the newspaper of your party, RAKAH, and from your interviews that Peres' peace statements are merely a maneuver not aiming at real peace, and...

[Answer] (Interrupting) I haven't the slightest doubt that Peres, the current head of the government, is only trying to maneuver--and for political

reasons. I can say definitely that there is no one in the Labor Party or in the [Likud] Bloc who is interested in any peaceful solution in the area, with the exception of some individuals in the Labor Party who are interested in some solution. If we examine Peres' statements, we find that they, like those of Likud leader Yitzhak Shamir, contain no real desire for peace. These peace statements skirt the problem without going to the heart of the conflict in the Middle East, the Palestinian issue. They do not treat this issue or create a real solution for the Palestinian people, one that would guarantee it the right to self-determination and to establishment of an independent state next to the state of Israel. Anyone who ignores this self-evident truth and talks about peace is merely deluding himself. That is what is in fact happening. Turning to Husayn and looking for empty solutions under his auspices or with him, while ignoring those who are entitled to their rights, indicates that Peres has no desire to solve the Middle East conflict.

Fear of Peace Bores Into Their Very Bones

[Question] Public opinion surveys published by the Israeli newspapers indicate that the overwhelming majority of the Jewish people in Israel reject the idea of establishing a Palestinian state. Do you think the government can ignore public opinion?

[Answer] I do not believe what the newspapers allege about these vague surveys. I believe that if clear and distinct questions were set forth during the public opinion survey process--for example, peace for territory, or the establishment of two states for the two peoples separated by the pre-1967 borders, or other clear and distinct questions--the results of the survey would not be in favor of those who reject peace. In spite of this, if the government of Israel really wanted peace, it would call for direct negotiations without preconditions, realizing beforehand that any solution of the conflict will have to include absolute freedom for the Palestinian people by the establishment of an independent state. But I believe that Shimon Peres is not interested in such a solution or even in following peaceful paths. For that reason, we find him putting obstacles in front of every peace initiative--and Yitzhak Shamir or the other Israeli leaders do the same. In fact, Shamir is more open than Peres. I would mention that in the course of one of his speeches he said something to the effect that, "By Israel's withdrawing to the pre-1967 borders and the establishment of a Palestinian state next to the state of Israel, I can arrive at peace tomorrow; but on this basis we do not want peace."

Clearly, Shamir is bolder and more open than Peres, who veils his words and runs around in a vicious circle.

[Question] Am I to understand from what you say that Peres' statements aim at preserving the status quo and that his real intentions are at variance with his public statements?

[Answer] Their goals are clear. They do not want peace in the region, because they are scared to death of peace. On this basis, we find that

Israel is able to mobilize its army within hours. It can attack any state it wishes in the region, as it defines the objective and finds justification, and can launch comprehensive war, but it is unable to prepare for peace.

[Question] You said that the rulers of Israel fear peace. What are the motives and reasons for this fear?

[Answer] This fear is the result of twisted concepts that they still carry from the exile. It is the result of their sufferings in the countries of Western Europe and the extermination camps. These concepts still dominate them and guide them and consequently prevent any possibility of sitting down with the representatives of the Palestinian people and negotiating with them to reach peaceful solutions. This fear bores into their bones.

[Question] We have been concentrating on foreign policy. Moving to domestic subjects: How would you describe for us the policy that Yitzhaq Rabin is pursuing in the occupied Arab territories?

[Answer] The least that one can say about the actions of Defense Minister Yitzhaq Rabin is that he is pursuing a savage, criminal policy both in the occupied Arab areas and even in bombing peaceful villages in Lebanon. He is no less insane than Sharon. His acts are no less savage than Sharon's, yet we find the media ignoring them completely and not mentioning the iron hand, the practice of humiliation and oppression, and the terrorist operations directed against the people of the occupied territories. It is surprising that none of the media has tried to criticize this Rabin or attempted to deter him. Instead, we see them making efforts to portray him as if he were from the left-wing groups within the ranks of the Labor Party. This is something strange. In reality, we find no differences to distinguish him from Sharon.

They Use Their Religious Dances in the Service of a Bogus, Hollow Ideology

[Question] As long as we are on the subject of the occupied Arab territories, there would be no harm in asking your opinion about the Jewish settlers there.

[Answer] There is just one expression in international law for such settlement: colonization. This expression applies in letter and spirit to the settlers, since they are a group who has taken possession of lands by repudiated means: the use of force and terrorism, looting and plundering, and violation of the law. In spite of this, the government gives them material and moral support, designates enormous and fantastic budgets for them, and undertakes their defense. They are not deterred from violating the law and from committing criminal acts such as shooting at unarmed innocent Palestinian civilians. Or they carry out police operations, provoking citizens to come out of their houses and then doing whatever they want with them. We find the government supporting them and covering up their criminal actions, which means that they are not a secret clique or gang that has made and enforces its own laws while the government is unable to restrain them.

[Question] What incentives move this group to settle in the occupied Arab territories? Are they ideological motives, or religious, or material?

[Answer] The motive for their settlement is material. Ideology is marginal, almost nonexistent. As for their frenzied dances and songs--such as "The People of Israel," and other songs composed of two or three sentences that they sing during their frenzied dances--they were merely empty slogans aimed at their obtaining financial gains. Were it not for settlement, which has granted them plundered land and provided them with enormous wealth, these gains would have been undreamed of.

Hebrew Media Try To Obliterate HADASH Activities

[Question] As is well known, the present government is a rotating one. Do you see rotation and exchange of posts between Peres and his group and Shamir and his group as possible?

[Answer] One cannot say definitely at present, but all indications are that this government will not last and that posts in it will not be rotated.

[Question] If we might move to another subject: As is well known, the majority of young people obtained by HADASH are from the Arab milieu. The proportion from the Jewish milieu is very small. The question is: What is the reason for the lack of support for you on the part of the Jewish [man in the] street?

[Answer] Actually, lack of support by the Jewish [man in the] street to a greater extent and in larger numbers, as occurs in the case of the other Zionist parties, is due to the Hebrew media, which works to obliterate any activity or operation on the part of the movement, whether in the Knesset or outside. Not only that, they try to blot out any trace of our activities or operations. To give you an example, we called for the holding of a meeting with the Committee of Shipyard Employees. Benyamin Gonin (from the bloc office in Histadrut), Yehoshua' Peres (president of one of the employees' committees in the port of Ashdod), and I took part and we talked with the workers there. The next day, the newspaper YEDI'OT AHARONOT published a photograph, but it cut out my picture and that of Gonin. Peres alone was visible among members of the Committee of Shipyard Employees. Not satisfied with this, the newspaper published a report in which it completely ignored our presence and our having taken the initiative in holding this solidarity meeting. And there are a great many examples like this.

[Question] Before I thank you and say goodbye, would you like to make any statement through the pages of AL-BAYADIR AL-SIYASI?

[Answer] I would like to address citizens in particular and the masses in general. I would say that it is very important that we perceive the fact that there exists a general consensus, especially among the Zionists, to slander members of the oriental Jewish communities with the stain of racism and by supporting the extreme and irresponsible right--just as they hate Arabs. We have to realize that these allegations are devoid of truth and

that they are one of the lies that have been agreed upon. When we are able to examine the facts as they really are to ascertain the identity of the settlers, of the right-wing political leadership, or of any group calling for "Greater Israel" or any other insane idea being mouthed by the extreme and ultranationalistic right; the proven facts are that the proportion of oriental Jews among these elements is slight, virtually zero, and has no weight or rank. I do not, however, deny that some oriental Jews support the extreme racist right. But their proportion, as we have said, is nothing. Certainly, they are not among those who propagate racism and extremism.

12937/13046
CSO: 4404/280

ISRAEL

TORONTO CONSULATE ALLEGED SPY CENTER

Tel Aviv YEDI'OT AHARONOT in Hebrew 23 Feb 86 p 2

[Article by Yoram Hamizrahi: "Canadian Intelligence: The Israeli Consulate in Toronto - Spy Center"]

[Text] The Canadian Intelligence and Defense Service and other Canadian intelligence sources claim that the Israeli consulate in Toronto is being used as a base for intelligence and subversive activities, mainly for activating the large Jewish community in the city to serve the state of Israel's purposes.

This serious accusation was made in the context of statements issued by Jerry Cummings, spokesman for the Intelligence and Defense Service, to the highly influential Canadian newspaper GLOBE AND MILE. The Canadian spokesman said that a number of consulates from the Eastern bloc and other countries, as well as many trade offices, are nothing but centers for intelligence activities.

Intelligence sources in Canada say that aside from the Eastern bloc representatives, the consulates of Israel, India, South Korea, and the Philippines also conduct intelligence and subversive activities.

The inclusion of Israel's name on the list of countries from the Eastern bloc and the third world immediately caused an uproar among friends of Israel and within the Jewish community in general. Avi Gil, spokesman for the Israeli embassy in Ottawa, defined the story as a "ridiculous scenario based on anonymous sources."

YEDI'OT AHARONOT correspondents found out that the Israeli embassy in Ottawa made an urgent request to the Canadian defense ministry for further clarification. It also became known that the embassy's position is that if the sources of this information are in an official government office, Israel will have to submit an immediate protest and work through diplomatic channels to receive a full explanation for this serious accusation.

The possibility is also being weighed that the Canadian government may be asked to deny the intelligence and defense service spokesman's announcement, if it turns out that the Ottawa government admits that it was not government sources that divulged the information to the Canadian press.

Canada has for some time been debating the question of how to properly deal with the phenomena of subversive and enemy intelligence activities. Usually, at issue is the activity of the Indians who are interested in upsetting the stability within the large Sikh community in Canada, or similar activities conducted by representatives of the Eastern bloc within immigrant communities.

Only last week, on 16 February, the editor of the local Romanian newspaper was murdered in Toronto. One month ago an unidentified person had opened fire on the Romanian embassy in Montreal.

9811/13046
CSO: 4423/94

ISRAEL

HAR SHMU'EL PROJECT DISAPPOINTS PROSPECTIVE SETTLERS

Tel Aviv MA'ARIV in Hebrew 24 Feb 86 p 13

[Article by 'Emanu'el Rozen: "Har Shmu'el Gave Birth to a Rat"]

[Text] Approximately 200 families who bought land beyond the green line in a location where a new housing project was to be built may lose their money because after the purchase, they found out that the land is agricultural and there is no permit to build on it. The land sold to the families was in Nabi Samu'el, near Jerusalem, and was sold by the firm of Moreshet Benyamin. A few days ago the buyers established a fellowship and are evaluating the possibility of a legal struggle.

The driving force of the company is Arye Dar'ai, general secretary of the SHAS party, formerly an advisor to Minister of the Interior Yitzhaq Peres. Among other things, Dar'ai is trying to exploit his connections in high places to allow the building of the settlement despite everything, as an orthodox community, near Nabi Samu'el.

The Moreshet Benyamin people, who also bought and developed land in the Giv'at Ze'ev settlement, claim that they were misled by the Ministry of Housing and by the great land dealer Shmu'el Aynav, who sold them most of the land for building the development which was to be called Har Shmu'el.

After it became clear to them that their request to build a settlement in Nabi Samu'el would not be granted, they asked the Israel Land Administration for replacement land in a nearby location. The administration denied this request on the spot because the value of agricultural land is much lower than that of land zoned for construction. The administration is now discussing a new request submitted by Moreshet Benyamin: to grant them the 'Arim project land to build their housing complex. The 'Arim land is situated close to Nabi Samu'el. The Moreshet Benyamin people say that if their request is granted, they will fund with their own monies the purchase of the land and the families will not be asked to pay for it again.

The buyers, for their part, are in a holding pattern. Thus far, each has paid \$2,000 for the land (there are those who paid as much as \$13,000). With Arye Dar'ai's help, the buyers have hired the services of attorney David Glass for the fellowship (formerly a National Religious Party Knesset member)

because the attorney who had represented them to date, Gan-Tzvi, was also representing Moreshet Benyamin.

At the Ministry of Housing it is being said that "political pressure" has been applied, even by Dar'ai, to allow the land to be settled. Dar'ai, in a conversation with MA'ARIV, said that he took upon himself the handling of the residents' problems "because this kind of story hurts me and I want to help them." He admits that he started "trying to find a solution" while he was still a government employee, an aide to the minister of the interior. "Meanwhile, I have yet to get as far as Minister of Housing David Levi, but I have not eliminated that possibility," says Dar'ai. According to Dar'ai, he made a verbal inquiry to the government's legal advisor to ask if this involvement was against the law and Professor Zamir advised him to "keep a low profile."

Professor Zamir told MA'ARIV, "I vaguely remember such an inquiry; however, I do not remember what I said and I cannot account for inquiries made incidentally or verbally."

MA'ARIV's investigation found that the land in question is in fact agricultural land that is not earmarked for construction. The land is also marked in this fashion (in green) on the contour maps at the Ministry of Housing which were prepared before the firm of Moreshet Benyamin sold the land to civilians. These maps were prepared by architect Shmu'el Shaked, who at the time was employed by the Ministry of Housing as an architect-designer, and were authorized by the high commission on planning.

Surprisingly, it was the same Shmu'el Shaked who advised Moreshet Benyamin to establish a civilian settlement in Nabi Samu'el. Shaked presented a document called "The Establishment of Settlements in Greater Jerusalem, First Draft," to the minister of housing at the time, the late Avraham 'Ofer, and it included recommendations for the establishment of "five suburban developments for 5,000 people: Giv'on, Jebel Tawil (today Pisgot), Ma'ale Adumim, Oferet, and Nabi Samu'el." The first four were already established and therefore, the Moreshet Benyamin people say, they deduced that Shaked's plan was legitimate and there was nothing to prevent the establishment of the fifth project.

The Promise: Land for Building

At Moreshet Benyamin, they show a contour map from 1984 on which Shaked included Nabi Samu'el in the building area, 3 years after the previous map on which he drew that area in green. Shaked presented this map to Moreshet Benyamin; it was not the first map that was approved by the planning commission. It was based on this latter map that the land was sold.

By the way, Shaked did not sign this map. It bore the name of architect Y. Gutman, although it was Shaked who guided Gutman in its preparation. He did not sign the map because at the Ministry of Housing they said that there was a conflict of interest between his being a planner for the Ministry of Housing and his being an advisor and planner for a private firm. A short

time thereafter, Shaked was fired from his position and the Ministry of Housing has since hired the services of architect Gorali.

The Moreshet Benyamin people say: "Shaked did not deceive us. He told us that he once drew Nabi Samu'el as a green area, but that was when the land was still in Arab hands and he said it was done so as not to allow the Arabs to build. He told us that from the moment we bought the land and registered it with the Land Registry Office--which in fact we did--the designation of the land would change immediately.

The firm's people also claim that the land agent, Shmu'el Aynav, sold them the land with the promise that it was land earmarked for construction.

They Sold Land Innocently

In response, Shmu'el Aynav says: "I relied on architect Shaked's statements. He said it was an area earmarked for development. What could I do when later a new architect came and changed the plans? There are all kinds of political games going on here and conflicts of interest that I cannot surmount."

The Moreshet Benyamin people also have complaints against Shmariyahu Kohen, the Jerusalem regional manager at the Ministry of Housing. According to them, Kohen asked them not to submit the contour map on which Nabi Samu'el was designated as an urban area covering several hundred dunams, and in exchange they would receive, in the same region, a smaller area (of approximately 80 dunam) and that he would also discuss additional compensation with them. But the fact is that Kohen did not make any such promise in writing. In the letter he sent to Moreshet Benyamin, after the firm, as promised, did not submit the contour map, he negates the possibility of giving them 80 dunams.

The Moreshet Benyamin people say that now, the process of buying ownership of land in Nabi Samu'el is contingent on compensation. According to them, they sold the land innocently as they were sure that there would be no problem building a civilian housing complex there.

But the Ministry of Housing says: "No development will be built in that location. The area is designated as a scenic and vacation area only." Shmu'el Shaked's reaction could not be ascertained because he is residing abroad. His son, Dani, who works with him in the firm, said that he has no knowledge of the incident.

9811/13046
CSO: 4423/94

14 May 1986

ISRAEL

COMMUNAL CITY PROPOSED AT 'UVDA

Tel Aviv YEDI'OT AHARONOT in Hebrew 6 Mar 86 p 27

[Article by Shlomit Tan'a: "Like a Kibbutz, but for Individuals"]

[Text] On the Negev Mount, on the plateau between the 'Uvda Valley to west and the kibbutzim of the southern 'Arava to the east, a cooperative city is planned to be built by 1987. Its name: 'Uvda. The idea has been tossed around for 2 years by two kibbutzniks from Yodefat: Ra'anana Sash (47), a professional psychologist, and Dubi Helman, who until recently headed the local council of the Elot district.

The new city, whose founders are currently organizing, will be based on the cooperative foundations that are central to the kibbutz, but there will be room for individualists, so that the residents will not lose their freedom. "We believe that in the future other communal cities will be established. 'Uvda will be for our generation what Ayn-Harod and Deganya were for previous generations," say Sash and Helman.

Several handfuls of former kibbutzniks have already expressed their interest in the plan. Sash and Helman are also spreading the idea abroad, among Israeli immigrants living in the United States, and among others. "We are turning to people who are looking for a way to return to another Israel, different than the one that disappointed them," says Ra'anana Sash.

Authorities from the labor unions and the settlement department of the Jewish Agency have already given the idea their blessing. Sash and Helman imagine that the founding nucleus will be comprised of approximately 100 members.

Residents of 'Uvda will organize in neighborhood communities that will establish different levels of participation. They will be able to choose full participation, like on the kibbutz, or be satisfied with the cooperative principle according to which each member will hold one share in the community industrial enterprise. In 'Uvda, there will be different arrangements for paying salaries, depending on the responsibility imposed on a worker, the effort invested, and skill. The representatives will form a "parliament" of sorts that will deal with local legislation, appointing operational units, and supervising them. All the enterprises will be part

of a corporation (concern) of city enterprises. The corporation will operate on the principle of joint responsibility among enterprises: A successful enterprise will come to the aid of a failing enterprise. A "trade unit" will operate a network of communal stores. Retailers will refrain from "brainwashing" commercials and advertisements and will present only informational announcements on their stock and their prices.

'Uvda, says Ra'anana Sash, will be open to any person who is not a parasite or a criminal. Arabs, too, will be accepted, under one condition: that they will not destroy water sources or cut down trees. Sash hopes that the job of sanitary workers, for example, will not be seen as demeaning: "We will treat the principle of equal value for all work seriously."

In 'Uvda, says Sash, one will be able to turn a new leaf, with no divisiveness between Arabs and Jews, Ashkenazis and Sephardics. There will be no tension between left and right, secular and religious.

9811/13046
CSO: 4423/94

OMAN

EFFECTS OF OIL PRICE DROP SURVEYED

London MEED in English No 14, 5-11 Apr 86 pp 20-21

[Text] The government's response to falling oil prices has been outlined by Deputy Prime Minister for Economic and Financial Affairs Qais Abdel-Moneim al-Zawawi. It includes reducing proposed spending in the third-five year plan (1986-90), heavier use of reserves and the possibility of new domestic borrowing to make up for the shortfall in income.

In an interview with the central bank's language monthly publication Al-Markazi, Al-Zawawi also announced that the forecast 1986 budget deficit has been revised upwards because of the oil price fall. The deficit is now projected at RO 183 million (\$475 million), against an original forecast of RO 175 million (\$454 million). The interview is carried in the February edition of Al-Markazi--before the recent further sharp fall in spot crude oil prices was recorded.

Al-Zawawi said proposed total spending in the five-year plan has been cut to RO 8,830 million (\$2,293 million), about 5 percent lower than originally envisaged.

Projected deficits beyond 1986 have been revised for the duration of the third plan. Deficits are now forecast at RO 229 million (\$594 million) for 1987, RO 91 million (\$236 million) for 1988, RO 123 million (\$319 million) for 1989, and RO 160 million (\$415) million for 1990.

The revised forecasts have been calculated on the basis of an average oil price of \$20 a barrel, compared with the \$22-23 a barrel against which the third plan was originally formulated. The March price for Omani crude is \$11.85 a barrel, based on a retroactive monthly pricing formula closely linked to spot market prices. The February price was \$15.80 a barrel.

Officials say foreign borrowing will be avoided as far as possible, although the sultanate's international credit is good. Precautionary arrangements have been made to draw up to \$850 million during the next five years, including the \$500 million Euroloan that is being sought (MEED 29:3:86).

Al-Zawawi said shortfalls would also be covered by transfers from the state general reserve fund, which stands at slightly more than RO 1,000 million

(\$2,600 million). The government is also considering raising funds locally by the issue of treasury bills or bonds.

The interest on reserve funds is sufficient to underwrite the import and local production of all staple requirements, say officials. Efforts to diversify the economy are continuing, and in 1985 non-oil exports grew by 28 percent, to RO 22 million (\$57 million). The average local production cost of a barrel of oil is \$4.50, so oil revenues remain substantial.

Officials say the main infrastructure projects in the development programmes are largely complete, so serious cancellations are unlikely. Al-Zawawi said plans for a new container port between Qurayat and Sur, and large sewerage contracts planned in the north and south would be postponed or slowed down, however. Projects such as the Sultan Qaboos university were started ahead of schedule, so the development timetable is more advanced than originally envisaged in the second five-year plan (1981-85).

Industry observers say the university has been spared serious cuts, but that spending at the site near Muscat on non-essential projects, such as a banqueting hall, has been slashed.

Large defence contracts are also being reviewed and the delivery of up to eight Tornado fighters by the European Panavia Aircraft consortium has been deferred for up to four years. A contract valued at £121 million (\$175 million) to expand defence communications awarded to the UK's Marconi Communications International and another worth £40 million (\$58 million) awarded to Vosper Thorneycroft (UK) for a 56-metre fast-strike craft have also come under scrutiny for possible economies (MEED 25.1:86; 11.1:86).

/9317
CSO: 4400/164

PALESTINIAN AFFAIRS

'ARAFAT DISCUSSES GULF WAR, PALESTINIAN PROBLEMS

London AL-DUSTUR in Arabic 22 Feb 86 pp 8-9

[Interview with PLO Leader Yasir 'Arafat, by 'Abd-al-Wahhab al-Qaysi: "The Arabs Have Neglected Iraq"; place and date not specified]

[Text] Palestinian Leader Yasir 'Arafat was reluctant to discuss many of the heated issues surrounding him. He was cautious in answering, and even in choosing expressions which might be the least bit ambiguous. However, his innate diplomacy helped him handle my questions without any advance preparation. Abu-'Ammar might be excused for this caution, for he is on the verge of negotiations with parties which have waged war with him during that period of Arab history which he calls "the evil time," and he is getting ready to conclude a truce with those fronts which had opened fire on him and the PLO from all directions.

When he received me at 2000, it would perhaps have been only natural for him to have given a press interview as heated as the Gulf war. But the Palestinian leader was like someone who pours water on a blazing fire. This was particularly remarkable because the main topic of our interview was the Arab situation and the Gulf war, and because the interview took place at a time when Iraqi forces were reacting to the Iranian invasion of the eastern part of the Arab world at the Shatt al-'Arab--a revolver, as Abu-'Ammar has said, pointed at Kuwait.

[Question] The conflict is now quite close to the Kuwait borders. What should the Arabs do? Will the current Arab stand on this danger remain in force? The danger is also directed at Palestine as well as the entire Arab cause, isn't that so?

[Answer] I contacted Iraqi President Saddam Husayn and went there, along with some of my colleagues, to see what was going on. I made this visit because it is my duty, and the duty of the Arab world, to stand alongside internal Iraq as it confronts this continuing attack and aggression against its territory. Iraq has taken every initiative to stop this disastrous war.

Iran has paid no attention to any of the appeals from Islamic and non-aligned countries and international organizations. We believe that Iraq is defending not only its own territory, but the entire Arab world as well. Its brave army is standing firm to guard the eastern gates of the Arab world. We believe that right now the Iraqi army is singlehandedly and courageously defending not just Iraq but Palestine and all the Arabs. I believe that we have duties as Arabs, and that it is not enough to limit our support to words alone.

[Question] Do you see any relationship between what is going on in the Gulf war and what is happening in Lebanon?

[Answer] I must point out one very important point: that through this war, and through Iraq's preoccupation with it, they are trying to isolate the Palestinian revolution from the Lebanese national movement. If Iraq were not preoccupied with this war, Israel would be unable to stand up to us in Lebanon, besiege us in Beirut, and practice terrorism against the Palestinian people and the Islamic and Christian shrines in Jerusalem and the Holy Land.

[Question] After you all left Beirut, Begin was asked, "Are you satisfied now?" and he replied, "Not as long as there is still the Iraqi army."

[Answer] This is true. Moreover, more than one interview and article has been published in the Israeli press about Israel's calculations concerning the Iraqi army. This army's strength is not limited to the eastern front right now; it is a strike force of which our Arab world can be proud, and to which Israel has given much consideration. Anyone who has followed the statements made by Israeli leaders, or read the article in the Israeli magazine (DANHANAYIN) about their fear of Iraq, will have found that this concept is evident in all statements on the subject.

[Question] As a member of the praiseworthy Islamic Good Offices, what do you think of the Arab stand on this war imposed on Iraq by a nation which openly declares its determination to occupy Iraqi territory?

[Answer] On the whole, the Arabs are with Iraq, and have expressed their stand in official statements. There has been tireless Arab activity, and the Committee of Seven has held many meetings.

If you mean direct participation in the fighting, I say yes, there have been some Arab shortcomings towards Iraq. The Arab League Charter and the Joint Arab Defense Charter unequivocally state that any aggression against any Arab country is an aggression against all the Arabs. Right now, the Arab stand on Iraq reminds me of the 88-day siege we suffered in Beirut, which I call "the evil Arab time."

[Question] What is your view of the Gulf now that Iran has started getting closer to Kuwait and threatening other Gulf countries? Will the war be Arabized or internationalized?

[Answer] The fact is, Iran has come quite close to Khawr 'Abdallah, or, more properly, Kuwait, which is not just within eyesight but within pistol range. Iran has reached the gates of Kuwait and the Gulf. I have discussed the eventuality facing us now with our brothers in Kuwait.

[Question] But do you expect foreign intervention in regional affairs?

[. answer] Anything is possible, and we must keep our eyes open. We are closely observing this serious possibility.

[Question] But do you think that Iran wants to Arabize or internationalize the war, after having failed to occupy Iraq?

[Answer] I don't know, and I cannot foretell events. Iran sent a delegation to the Amir of Kuwait, but the Amir did not receive it. Iran has delivered a warning and at the same time a reassurance to the Gulf peoples.

[Question] Moving on to the Palestinian cause, how would you evaluate your negotiations with King Husayn, now that news reports are saying that these negotiations achieved no results?

[Answer] Our negotiations were highly significant and covered important topics. We discussed the efforts being made to achieve a just, comprehensive, lasting peace in the Middle East and to solve the Palestinian problem equitably. We considered the affirmation of the Palestinian people's national rights as resolved by international law and United Nations resolutions, including the right to determine our own destiny and to establish our Palestinian state on Palestinian soil. Agreement was also reached on establishing a Jordanian-Palestinian confederation, and the Palestinian side affirmed its adherence to this decision.

[Question] Did you and King Husayn differ on any points?

[Answer] Actually, Jordan gave us some messages from the American administration, which has been pressuring the PLO to recognize Resolutions 242 and 338.

We stressed that we would have nothing to do with Resolution 242 because it does not treat our people's cause as a popular one, but as merely a refugee issue. We reject the wording of this resolution, and we have based our stand on this resolution on this basis.

Therefore, we explained our statements to King Husayn, and our stand was communicated to the American administration. We drew up three provisions calling for concentrating on the international resolutions. International law is not a single decision but an inseparable whole, and the American administration cannot recognize one part and ignore all the rest. Therefore, we cite the United Nations and Security Council resolutions pertaining to the Palestinian cause and to our right to establish an independent state.

Yesterday the American administration issued some clarifications, and we have requested a copy of the English original so that we can study its details and see just how serious it is.

Therefore, there is no disagreement or misunderstanding between myself and His Majesty King Husayn. In fact, the Jordanian side has transmitted the proposals of both the American and the Palestinian sides. However, the hostile American news agencies are trying to spread lies and distortions about the Palestinian cause.

[Question] Do you expect the American administration to recognize the PLO? The administration seems to be more inclined towards flexibility, according to reports.

[Answer] No, I don't expect this at the present time. I was referring to this statement which is under study.

[Question] The occupied territories are seeing an escalation of fedayeen operations. Will you be stepping up fedayeen action against Israel in the future?

[Answer] A Palestinian decision was issued by the Palestine National Council which met last year in 'Amman. Our occupied land has witnessed the spectacular implementation of this decision.

... the Israeli enemy has acknowledged, Israel saw 863 fedayeen actions during 1981, not including operations in Southern Lebanon. Such a record figure has not been achieved for the past 12 years.

[Question] News reports have said that the Amal organization has prohibited fedayeen from carrying out operations against Israel. What is your opinion?

[Answer] The truth has been revealed. The South Lebanon operations against Israel were carried out by the resistance, not by Amal, as it claims and as some anti-Amal information media have reported. The veil has been torn from the secret Israeli-Amal South Lebanon agreement, Israel's second safety belt after the "Antoine Lahad" belt.

This is what was agreed to with Murphy and McFarlane. The important points are the non-return of PLO combatants to southern Lebanon and the guarantee of Israel's security from fedayeen attacks. I call this agreement "Camp Murphy."

[Question] What does Amal want from the Palestinians in Lebanon?

[Answer] There is a vast plot, and Syria has acknowledged that it is involved. The Syrian regime is concerned about whatever happens in Lebanon, from the formation of the cabinet to the tripartite agreement to events in Tripoli and the South. There is a plot against the Palestinian camps in Lebanon, to which Sharon was referring when he said that it was necessary to move half a million Palestinians from Lebanon to Jordan, which he calls the alternative homeland for the Palestinians.

[Question] What about your recent efforts in South Yemen?

[Answer] We were asked to act in order to stop the blood-bath. As a result, we were able to evacuate all our diplomats and their families. We worked with our Soviet friends to contain the crisis, through our meetings at the Soviet embassy and at the Palestinian embassy (our ambassador in Aden is the dean of the diplomatic corps there) and through the cease-fire.

We were asked to send in some of our forces as peace-keeping forces, but we stipulated that this must be at the desire of the combatant parties. Afterwards, when these parties did not come to an agreement, we contented ourselves with political and diplomatic efforts, which are still under way.

[Question] There has been much talk about messages from the Soviet leaders to you. How would you evaluate your relations with the Soviets?

[Answer] The messages have not stopped, and our relations with the Soviets are good.

[Question] What do you think of the future of Palestinian action? Do you intend to form a government-in-exile?

[Answer] As for the government-in-exile, this depends on the decision of the Palestinian command. Such a government will be established when the need arises, in order to promote the Palestinian struggle. The closer we get to the borders of the homeland, the more important and essential this step will become. When we approach the borders of the homeland, we will raise the Palestinian flag over the walls of Jerusalem.

[Question] What about the changes in Jerusalem's appearance? Why this Islamic silence over what Israel is doing to the Holy Places?

[Answer] Unfortunately, the Israelis have been able to take over Abraham's Tomb and change the main part of it into a Jewish synagogue. They have desecrated several churches and monasteries, and have been involved in outrages against the Coptic al-Sultan Monastery. Right now there is a huge plot against Jerusalem, al-Aqsa Mosque, and the Dome of the Rock, which the Jewish priests want to change into Solomon's Temple. Blueprints have been drawn up for all of this. I call on all the Muslims, saying, "My God, I bear witness that I know about this."

[Question] Since the Arabs have been neglectful when it comes to the Iranian aggression against Iraq, don't you think there has been Islamic neglect towards Jerusalem?

[Answer] There have been Arab and Islamic shortcomings here and there.

[Question] You have called this time in Arab history "the evil era." When will it end?

[Answer] The darkest hour is just before dawn. They might think that the dawn is a long way off, but we will see it soon, God willing.

8559
CSO: 4404/300

BACKGROUND OF NEW SPLIT WITHIN FATAH GIVEN

London AL-MAJALLAH in Arabic 16-22 Apr 86 p 16

[Article: "The Abu-al-Za'im Split: the Dispute With Abu-'Ammar Began In Tripoli and Became Aggravated After the Agreement With Jordan Collapsed"]

[Text] The latest round in a series of "military coups" against the PLO leadership occurred recently when several Palestinian officers living in the Jordanian capital of 'Amman staged a revolt against their leadership. This revolt was led by Col 'Atallah 'Atallah (Abu-al-Za'im), who held the position of chief of Palestinian military intelligence, and who before joining the resistance was an officer in the Jordanian army.

Abu-al-Za'im, who led the latest revolt, or the newest round in the "military coups" against the PLO, was Yasir 'Arafat's "iron fist" during the Beirut phase. He was removed from that position mainly at the demand of the other trend, which considers itself left-wing, within FATAH. It was this wing which launched the separatist movement against the legitimate Palestinian command under the leadership of Nimir Salih (Abu-Salih), who later renounced his comrades and who has stayed close to home for more than 2 years, ever since the struggle for command positions within the separatist movement resulted in Col Sa'id Musa's (Abu-Musa) taking command of the movement.

During the siege of Beirut, Abu-al-Za'im was one of those officers, recognized for their skill and courage, who accompanied 'Arafat on all difficult missions throughout the gruelling siege. This closeness helped lessen the severity of attacks against Abu-al-Za'im and curb subsequent allegations of excesses and mistakes perpetrated by the Palestinian resistance in Lebanon.

In determining the connection between Abu-al-Za'im and the head of the PLO, it must be pointed out that all the forces which criticized Abu-'Ammar blamed him for protecting his chief of military intelligence. 'Arafat's invariable response was even greater support for Abu-al-Za'im's position and standing, even to the point of choosing Abu-al-Za'im, out of all the Palestinian officers of the same level of responsibility, to accompany him when he left Beirut by sea.

After Beirut, when the seeds of the split within FATAH began sprouting, Abu-al-Za'im was chosen as a target by the separatist group. The "Reform Demands Bill" proposed by this group prior to declaring its separation included a clause demanding the removal of several officers, including Abu-al-Za'im, on the grounds of "corruption" and "offenses against the revolution" during the period from the early Seventies to the exodus from Beirut in the summer of 1982. However, in spite of these accusations, it has been rumored that there were secret contacts between Abu-al-Za'im and the leaders of the separatist movement, and that Col Abu-Khalid al-'Umlah (not the Abu-Khalid al-'Umlah who is mentioned as being part of the current Abu-al-Za'im group) offered him this group's support because of geographical affinity and because this move was being made by a group of officers who joined the resistance right after the infamous Black September incidents.

Choosing Abu-'Ammar

It seems that this offer went unheeded by Abu-al-Za'im because of mutual doubts on both sides, in view of their differing political orientations. Therefore, the Palestinian military intelligence chief chose Abu-'Ammar's camp, even though many people had observed that he had not stuck by Abu-'Ammar during his darkest days of tribulation, when his opponents in Tripoli besieged him and forced him and his forces to take to the ships once again, on a new exile.

In the aftermath, well-placed Palestinian sources began to sense a crack in the relationship between Abu-al-Za'im and his commander. Quite often he would gather some officers from his old clique around him and harshly criticize the policy being followed by Abu-'Ammar, even though Abu-'Ammar had headed the reception committee which met him at the Yemeni port of al-Hudaydah after his first visit to Cairo, en route from Tripoli in northern Lebanon to the Yemen Arab Republic.

Following the Palestine National Council meeting in 'Amman in November 1984, 2 months after the Jordanian-Palestinian agreement was signed, it was observed that Abu-al-Za'im chose to spend most of his time in Cairo, and that he was stepping up his campaign against the head of the PLO. On the other hand, persons close to the Palestinian leader began for the first time to hear criticism directed at his intelligence chief, including blame for having gone into movie production and for having produced an unsuccessful film about the Palestinian cause which lost about US\$3 million.

Among the things which Abu-'Ammar held against his intelligence chief was that Abu-al-Za'im, as editor-in-chief of AL-QUDS, had sidetracked the magazine from the original purpose for which it was issued, and that he had begun making mysterious contacts with some Arab parties without coordinating them with the command.

It is significant that the crack in relations between the Palestinian leader and Abu-al-Za'im, who occasionally would be the man for missions which others refused to do, got wider and wider until Abu-al-Za'im began saying, although in jest, that he was preparing a military coup within the PLO. On one

occasion, during the final negotiations which preceded the collapse of the Jordanian-Palestinian agreement, he said, in the presence of Abu-'Ammar and Abu-Iyad, that he was waiting to be sure of Abu-Iyad's support for the coup which he was preparing. However, Abu-Iyad had a big disagreement with him.

However, even though the bridges between Abu-'Ammar and his intelligence chief were collapsing, the Palestinian leader surprised his close colleagues by appointing Abu-al-Za'im to be responsible for Lebanon after the signing of the 'Amman agreement. Although this appointment was subsequently cancelled, it helped Abu-al-Za'im carry out his latest move, which began right after the Jordanian-Palestinian agreement fell through. The first indication came when the Palestinian military intelligence chief made several visits to Palestinian groups and camps in Jordan and delivered speeches to the effect that the Palestinian side was responsible for the agreement's collapse, and when he turned down an invitation to attend the Palestine National Council's recent Tunis meeting on the pretext that staying where he was "would help the young people stand firm."

Right after those visits, to which AL-MAJALLAH referred more than a month ago, the Palestinian command made a secret decision (also published at that time in AL-MAJALLAH) calling for the retirement of and stripping of rank from several Palestine Liberation Army generals in 'Amman. This decision was basically directed at the Abu-al-Za'im group.

As a result, things began taking a more serious turn, until events came out in the open. Someone close to Abu-al-Za'im told AL-MAJALLAH that the whole thing was no more than a protest against some behavior and practices within PLO ranks, and that "we will stick with Abu-'Ammar as our leader as long as he is not openly and obviously against us."

This official was referring to the fact that his group's dispute is with Khalil al-Wazir (Abu-Jihad), and that neither he nor Abu-al-Za'im know anything about the statements published and distributed during the past 5 months, signed in the name of the reform group within FATAH, demanding that Abu-'Ammar be removed from his position. In turn, Abu-Jihad told AL-MAJALLAH that these statements were issued by other unidentified Palestinian groups.

While Abu-al-Za'im's circles say that his movement includes a great many Palestinian officers in Jordan, Palestinian command sources say that those involved in this movement could be counted on the fingers of one hand, and that most of them were being punished for reasons of comportment.

The latest information indicates that the Palestinian command, which met recently in Baghdad, stressed their earlier decision to retire Abu-al-Za'im's group and strip some of them of their military ranks, and to close the "Karamah Forces" camp and order its soldiers and officers to go home to await further orders while retaining their ranks and salaries.

It should be noted that the "Badr Forces" are different from the "Karamah Forces." The former is subordinate to the Palestine Liberation Army, and was formed with Jordanian government blessings in the early Seventies, while the "Karamah Forces" are subordinate to FATAH and were formed after 'Arafat left Tripoli in northern Lebanon at the peak of Jordanian-Palestinian rapprochement.

Right now, several questions are being raised about this attempt, which is considered one of the least significant coup attempts against the PLO.

Has the mediation been successful? Will Abu-al-Za'im return to his flock, or will matters become increasingly aggravated and take on new dimensions? Will contacts between Abu-al-Za'im and Abu-Khalid al-'Umlah be resumed, and will the comrades of yesterday come together again against the Palestinian leadership?

We will still be awaiting answers to these questions in days and weeks to come. In any case, it can be said again that this attempt will damage only the PLO's reputation, since as it stands now, the matter does not touch the heart of the Palestinian situation.

8559
CSO: 4404/300

QATAR

INDUSTRY OFFICIAL DISCUSSES GCC INDUSTRIES

London AL-MAJALLAH in Arabic 19-25 Mar 86 pp 34-35, 37

[Article: "Shaykh 'Abd-al-Rahman Al Thani to AL-MAJALLAH: GCC Member States Coordinate To Curtail Phenomenon of Similar Industries"]

[Text] AL-MAJALLAH has interviewed Engineer Shaykh 'Abd-al-Rahman ibn Muhammad Al Thani, the deputy director of the Technical Industrial Development Center in the State of Qatar, and has presented to him questions on the GCC member states' industries and on the difficulties, competition, and similarity encountered by the Gulf industries. The interview also touched on the unified industrial strategy of the GCC member states and on the degree of coordination among the industrial development centers and the other scientific agencies and circles specialized in industry. Shaykh 'Abd-al-Rahman dealt with the center's role in researching and studying industrial projects and spoke of the national industry's role in bolstering the Qatari economy.

Speaking on the history of the industrial integration and coordination activity among the Gulf states, Shaykh 'Abd-al-Rahman Al Thani said: "Industrial cooperation and coordination among the Gulf states began only a few years ago. But these few years have given a serious and sincere dimension to the cooperation and coordination which have been helped by the presence of a common base that has given rise to the Industrial Cooperation Committee. This committee has achieved evident accomplishments on the path of integration and coordination, has tackled numerous problems, and has tried and continues to try to formulate the right solutions for them. The outcome of these efforts has been the formulation of a unified industrial development strategy. The industry ministers' approval of the unified strategy plan at the fourth meeting held by the committee in the Saudi city of al-Khubar at the end of last September has crowned the efforts made. The ministers recommended that the ministerial council refer the plan to the higher council for ratification. Then at the Muscat summit, the higher council ratified the strategy plan aimed at exerting efforts to achieve a common objective we seek, namely, to diversify the sources of revenue and not to continue to rely on oil as a main source of income."

Shaykh 'Abd-al-Rahman added: "The unified strategy includes numerous objectives and urges the member states to exert efforts to achieve them. The

most important of these are the objectives of enhancing industrialization in a balanced integrative manner, of raising the industrial sector's contribution to the gross domestic product, of increasing the national manpower's participation in the industrial sector, of creating an acceptable degree of self-sufficiency in the production of manufactured goods, of establishing a genuine research base, of integrating the oil and gas sector with the other economic sectors, of creating profitable opportunities for investment of the member states' financial savings and surpluses to develop the industry sector, of developing the natural resources, and of enhancing the efficient exploitation of these resources in industry."

Solutions

Regarding the phenomenon of the similarity of the Gulf industries as one of the prominent problems and regarding what has been done to tackle and overcome the obstacles posed by this problem, Shaykh 'Abd-al-Rahman Al Thani said: "The similarity in the Gulf industries is an unhealthy phenomenon, and the proper practical solutions must be developed to eliminate its presence. It is well known that the Gulf markets are so limited that they lead to stiff competition for the marketing of the GCC member states' national products. This competition leads in turn to reducing the prices and to lowering the profitability of industrial projects. This fact may lead to the presence of idle production capacities that will reflect these consequences on the production cost, thus making the industrial sphere less attractive to the investor who favors easy, rapid, and high profit. Coordination in the foundation of new factories and reduction of the strong competition among the existing industries are essential. The GCC General Secretariat has been aware of this issue, and discussions have been held at all levels, including the minister of industry conference and the committees or the conferences that are held to discuss the national industries and that invite the industrial companies concerned. There are, moreover, local regulatory measures. In Qatar, an advance study is conducted before any licenses are issued for the foundation of any industries so that the foundation of similar industries may not recur because such recurrence represents a waste of the financial and natural resources."

Regarding cooperation and coordination between the Qatari Technical Industrial Development Center and the scientific circles specializing in industry in the area's states, Shaykh 'Abd-al-Rahman said: "Firm relations bind us to most of the GCC member states' industrial development centers. This relationship is also present with the existing industrial firms and with the industrial development banks and funds. The center's relationship with these circles takes various forms of cooperation, either through the exchange of information, data, pamphlets, and studies in the sphere of development, generally, and the sphere of industrial development in particular, through the exchange of visits by the prominent officials to discuss and examine issues concerning both sides or through dispatching the Technical Industrial Development Center's employees to attend training courses organized by the other centers. On the other hand, the center organizes specialized courses in the Qatari national factories in Umm Sa'id. Since the foundation of the GCC, this cooperation has assumed more organized

and stronger forms by virtue of the active and effective role these centers play in the sphere of coordinating the industrial development plans and projects of the GCC member states through the Industrial Development Committee emanating from the GCC General Secretariat."

Regarding the Qatari national industry's role in bolstering the Qatari economy, Shaykh 'Abd-al-Rahman said: "The need for industrial development in Qatar is a basic need and an indispensable strategy to which there is no alternative if we are to continue the revival and to preserve and bolster the economic structure. This is due to several factors, the most significant being the fact that the oil sector contributes the major part of the gross national product and the fact that most of Qatar's financial revenues come from oil. Regardless of how large are the oil resources, they are still very limited and their contribution rate is expected to diminish gradually. This dictates that the other sectors and activities be developed to make up for the shortfall. Moreover, the Qatari agricultural sector is extremely limited due to various natural conditions. The other sectors must be tied in one way or another to work and income sources that bolster them and prevent their retreat and decline. This can be achieved only through developing industry, especially the oil industries and the industries connected with the use of gas as a source of energy or as a raw material.

Concluding the interview, Shaykh 'Abd-al-Rahman said: "The Technical Center plans to explore the possibility of conducting preliminary feasibility studies for 14 projects this year (1986). It conducted preliminary feasibility studies for a similar number of projects last year."

8494/13046
CSO: 4404/269

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

CENTRAL COMMITTEE SECRETARY ADDRESSES CPCZ CONGRESS

AU191326 Prague RUDE PRAVO in Czech 2 Apr 86 p 3

["Message of Greetings from the Yemen Socialist Party" to the 17th CPCZ Congress, delivered by Muhammad Sa'id 'Abdallah "Muhsin," member of the Politburo and secretary of the Yemen Socialist Party Central Committee, at a "rally with the working people" of the Slovnaft enterprise in Bratislava on 27 March]

[Text] Esteemed comrades, esteemed friends, it is with great pleasure and gratitude that we take part, together with you, in the deliberations of the 17th Congress of your Communist Party. We convey to you and, through you, to all Czechoslovak Communists and the entire friendly Czechoslovak people most cordial wishes and warm greetings from the Central Committee and the Politburo of our Yemen Socialist Party [YSP].

Our presence and participation in the congress of your friendly party is a natural reflection of the ties of deep friendship that link the two parties, both countries, and their peoples. Our party takes pride in these ties, which develop further and grow in strength in the broad current of warm relations based on the Treaty of Friendship and Cooperation between our two countries and on the unity of our goals, principles, and joint interests.

Esteemed comrades, we have heard Comrade Gustav Husak's report and have familiarized ourselves with the documents that were submitted to your congress, documents which deal in detail with a number of ideological, political, organizational, and economic issues and which simultaneously analyze and constructively criticize experiences from building socialism. They show past achievements and simultaneously set out the paths and methods of purposeful solutions that are necessary in order to continue to build and develop socialism. What matters is the enrichment of the historical experiences from building socialism with new elements in the interest of contributing to reinforcing the struggle of the world communist, workers, and national liberation movement. What also matters is the enhancement of international solidarity for the benefit of socialism, liberation, and progress in the interest of a world in which peace would prevail and that would be liberated from all forms of violence and exploitation.

Our warm relations with your party and your people are an integral part of the firm ties that link our party and country with the parties and countries of the socialist community headed by the Soviet Union and the great CPSU.

Our party believes that these relations form a solid basis, from which we can set out firmly on the path of implementing the tasks of the stage of national democratic revolution with socialist prospects.

These relations have become a solid basis for the foreign policy of our country, which proceeds from the principles of international solidarity, peaceful coexistence, friendship, and peace.

Our decision to set out on the path of national democratic revolution with socialist prospects must continuously resist many aggressive forms and methods that have a single aim -- to shake the independence and sovereignty of our country and our socialist orientation and to prevent it from developing and advancing.

Relations with the countries of the socialist community are the basic and essential prerequisite for overcoming these methods, which imperialists and reactionary forces have invented in an unusually resourceful manner in an attempt to demonstrate that newly liberated countries are incapable of taking the path of socialism. It was precisely with this in mind that on 13 January this year our party was exposed to a treacherous conspiracy, without parallel in the modern history of Yemen. Its aim was to physically liquidate most members of the Politburo and the Central Committee and tested party cadres. This attempt occurred all of a sudden, at a moment that threatened to result in the destruction of the YSP and in paving the way for foreign intervention that would tragically end the revolutionary development in our country.

Without dwelling in any great detail on the lessons which we draw from the conspiracy of 13 January, we declare that the firm internationalist ties that link us with your party and with other parties of the socialist countries played an important role in thwarting the conspiracy, which represented a new type among the methods of intrigue and aggression against countries with a socialist orientation. This role consisted in our vigorous opposition to any foreign interference in the internal affairs of our country.

Esteemed comrades, the events in our country of 13 January demonstrated the combat ability of our party to concentrate and mobilize against the conspiracy members of the leadership, rank-and-file party members in military and civilian institutions, as well as people's masses rallied around their glorious party. At the same time they confirmed that the YSP is the legitimate heir of the Yemen National Movement and that it is capable of successfully defending the gains of the revolution, capable of carrying on the struggle to attain its goals and, above all, of taking the path of socialism and proletarian internationalism.

We greatly esteem and appreciate the internationalist positions and support which the countries of the socialist community headed by the Soviet Union render to our country, and we declare that we are determined to continue to

wage our struggle and deploy all our potentials and energy in order to strengthen stability and eliminate the consequences of the conspiracy.

We want to heal the wounds, eliminate the woeful consequences of the conspiracy, strengthen the unity of the party and the people, and continue along the path of socialist orientation. We want to enhance the effectiveness of our foreign policy, which proceeds from the principles of international solidarity and peaceful coexistence, in accordance with the conclusions reached by our party congresses and the party's leading bodies. In the pursuit of this policy, our country will strive to develop fraternal relations with all Arab and all neighboring countries on the basis of mutual respect, cooperation, and noninterference in internal affairs in the spirit of Arab anti-imperialist and anti-zionist solidarity. We will cooperate with all countries of the world on the basis of the principles of peaceful coexistence in the interest of preserving international peace and security.

Our party and our state will also exert all their endeavors in working for the unification of the individual segments of the Palestinian resistance movement within the framework of the PLO, because we regard unity as the fundamental prerequisite of the Palestinian revolution's strength in the light of the agreements of Aden and Algiers and on the basis of the stage-by-stage program of the PLO and the 16th session of the Palestine National Council.

Democratic Yemen supports the Soviet proposal for resolving the problem of the Middle East by convening an international conference to be attended by all interested parties, including the PLO as the sole legitimate representative of the Arab People of Palestine. We also regard the decisions of the Arab summit conference of Fes as the correct basis for a political settlement of the conflict in the Middle East.

Esteemed comrades, the struggle for world peace and security is one of the basic pillars of our country's foreign policy. Without peace it would be impossible to realize our dreams and our goals. The struggle for peace is today the fundamental goal of the whole of mankind. We take this opportunity to express again the active support of our country for all the constructive peace initiatives put forward by the Soviet Union and the Warsaw Pace member-states, which seek to establish trust in international relations, to terminate the arms race, and to avert the nuclear catastrophe. The peaceful policy of the states of the socialist system enjoys the great appreciation of our party and our people and express the authentic joint interests of all our peoples.

We regard our presence at your 17th congress as the embodiment of the internationalist combat ties between our parties and friendly countries and their peoples.

From the bottom of our hearts we wish your congress much success and the Czechoslovak people further great progress and prosperity under the leadership of their glorious communist party.

/12929
CSO: 4400/161

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

FOREIGN MINISTER COMMENTS ON VARIOUS SUBJECTS

Abu Dhabi AL-ITTIHAD in Arabic 14 Mar 86 p 8

[Interview with Dr 'Abd-al-'Aziz al-Dali, Foreign Minister of Democratic Yemen: "Unity Endeavors Between Two Parts of Yemen Continue. Summit Meetings Will be Held Soon. Iran-Iraq War May Lead to Foreign Intervention in Region's Affairs"; date and place not specified]

[Text] Dr 'Abd-al-'Aziz al-Dali, Democratic Yemen's foreign minister, granted a comprehensive interview to AL-ITTIHAD in which he talked about the results of his long trip to the UAE. He emphasized that his country's foreign policy has not changed and still seeks to have good relations with the countries of the region as well with various other world countries, including the western ones. He stressed that conditions in his country have stabilized and that his country is determined to move forward with the 5-year plan and to rebuild the damage incurred during recent events. He also touched on the Iran-Iraq war and the Palestinian issue. Following is the text of the interview:

[Question] What is the purpose of your visit to the UAE, particularly since it is gaining special importance in view of its being the first direct contact with the countries of the region following recent events in Aden? Also, what are the results of your meeting with head of state, His Royal Highness Shaykh Zayid Bin Sultan Al Nuhayyan?

[Answer] Thank you for the opportunity to meet with AL-ITTIHAD newspaper. I would like to express our satisfaction with the visit we made to the UAE where I delivered a message from brother Haydar Abu Bakr al-'Attas, chairman of the Supreme People's Council, to his brother, his Royal Highness Shaykh Zayid Bin Sultan Al Nuhayyan, chief of the UAE, concerning bilateral relations between the two fraternal countries. These relations are marked by a good level of joint support for cooperation between our two countries as well as with the rest of the countries in the Arabian Peninsula and other fraternal Arab countries.

These special relations between Democratic Yemen and the UAE were one of the topics mentioned in the message. Another topic was the reaffirmation of our foreign policy that calls for the establishment of good neighborly relations, mutual respect, and non-intervention in internal affairs. It is the policy which some sides, the anti-Democratic Yemen media in particular, tried to

portray as one that the new political leadership may change into a hard-line policy, something we categorically deny. The policy Democratic Yemen is following is the one charted by the YSP in its previous conferences, the party's first conference and documents in particular. These policies are based on fraternal cooperation with sister countries as well as the Arabian Peninsula, on fraternal cooperation and Arab solidarity in the interest of the Arab peoples, on cooperation with Islamic countries in the interest of their peoples, and on establishing cooperation within the framework of the non-aligned movement in a way that avails these countries a minimum level of common interest. This was the second point contained in the message we carried to His Royal Highness Shaykh Zayid Bin Sultan Al Nuhayyan. We also took the opportunity to explain to his highness recent events in our country.

Our visit was met with understanding and welcome on the part of His Royal Highness Shaykh Zayid who reaffirmed the importance of maintaining fraternal relations between the two peoples and the two governments to the benefit and mutual advantage of our countries and our peoples and the region's countries and peoples as well.

[Question] In the wake of recent changes in the party and state agencies, how do you see the future of relations with Arab countries and countries of the world and also, with regard to current Arab issues, the Palestinian issue and the Iran-Iraq war in particular?

[Answer] We proceed in our relations with the countries of the world from the premise of peaceful coexistence and international solidarity. Peaceful coexistence means living with every regime that is different from ours, provided that foreign intervention in countries' internal affairs is renounced and mutual respect is upheld, thus making it possible to establish equitable relations between these countries, something we have been advocating. From this angle, our relations with all countries of the world are known and based on the principle of peaceful coexistence. We maintain good relations with socialist countries, the Soviet Union in particular, due to the support it offers for the development of our national economy without any kind of any intervention in internal affairs.

This does not mean that we do not maintain relations with other countries, the capitalist or the western ones. We have good relations with France and trade relations and bilateral cooperation with some western countries that offer us aid in the development field. We welcome the furtherance of these relations on the same principle of non-intervention in internal affairs, mutual respect and endeavors by all to lessen tension in areas of tension and to turn to negotiations to solve problems among nations without resorting to armed force.

Palestinian Issue Our Primary Cause

As for the Palestinian issue, we consider it our primary cause within the national scope. Democratic Yemen and the YSP afford this issue great attention and are making all possible efforts to set up advanced relations with

all Palestinian resistance factions. We are also making modest efforts to maintain PLO unity because without such unity it is difficult to talk about any future stages: for realizing liberation, repatriation, and self-determination in this intrinsic issue facing the Palestinian people and their leaders and factions, and for restoring unity to the PLO on the basis of enmity towards imperialism and Zionism.

[Question] What is your view about proposed political solutions to the Palestinian problem and how can the PLO get out of its dilemma?

[Answer] I think that the solution is to return to the principle of national unity on the same basis on which the PLO was established. For this principle is certain to help the PLO get out of its present dilemma and we wish the Palestinian people and the PLO success. We are on their side and will always support the Palestinian people in their suffering until they realize their goals and aspirations of repatriation, self-determination, and the establishment of an independent state.

With regard to the Iran-Iraq war, we have stated our position time and again. This war does not serve the two fraternal Muslim countries and the peoples of the region here in the peninsula and the gulf. Indeed, it has negative and serious consequences that may lead to foreign intervention in the region's affairs. We warn against such a possibility and we call in return for the need to stop the fighting and to return to the internationally recognized method of negotiation to solve all problems between the two countries. We indeed hope for a quick end to this war because its escalation and expansion is not in anyone's interest save for that of the enemies of our Arab and Islamic nation.

[Question] Unionist steps with North Yemen were making great headway prior to the recent events. Are new steps being taken to consolidate unity and what is the future of relations between the two sides?

[Answer] In this regard, I would like to emphasize that the Yemeni people and the leadership of both parts are determined to proceed in their efforts to implement all agreements concluded in this regard and to expedite unionist action in order to realize the hopes of the Yemeni people and to realize the unity of Yemen, land and people, through peaceful and democratic means.

[Question] Are there new steps or upcoming meetings to achieve this goal?

[Answer] Ministerial level meetings will be held soon and other meetings at the leadership level will be held in near future.

[Question] How do you view future relations with Oman in light of the agreement to exchange ambassadors in particular? Have measures been taken or meetings planned to mark the borders between the two countries?

[Answer] We have affirmed to our brothers in Oman and also in a message from President Haydar Abu Bakr al-'Attas to His Majesty Sultan Qabus our commitment

to the agreement signed between the two fraternal countries and our intent to honor this agreement in letter and spirit and to implement all articles related to the restoration of relations. Relations have been restored and we have made great progress toward normalization through the exchange of diplomatic representation and non-resident ambassadors. I am hopeful that the exchange of resident ambassadors will take place in the near future. Official visits are occurring regularly between officials of the two countries to arrange for a meeting of the borders committee. We are very hopeful that the next stage will witness further steps in the field of normalization and improved fraternal relations between Democratic Yemen and the Sultanate of Oman.

[Question] What is your evaluation of current conditions in Democratic Yemen and what are your programs for development and reconstruction?

[Answer] I emphasize that the situation has returned to normal at the national level. Great efforts are being made to overcome the effects of recent events. We have made great headway in this regard. There is total stability and citizens are making visible efforts inside and outside the capital to restore the city. Some firm steps have been taken in this regard.

We are now working very hard to implement development plans and third 5-year plan projects.

This is the objective on which all efforts of the party leadership and the government are focused, in order to ensure security and stability at home and with our neighbors so as to devote all our attention to domestic construction and economic growth and to realize our goals of raising the standard of living in Yemen at all economic, cultural, and social levels.

Bilateral cooperation between us and our brothers and friends also plays an important role in implementing economic development plans in hopes that our brothers will not fail to offer necessary aid and honor the agreements between us to enable us to achieve the 5-year plan.

Purpose of Tour

[Question] Is your tour related to domestic reconstruction projects and will you ask for Arab contributions in this regard?

[Answer] We welcome any assistance or support from Arab countries for the sake of construction or reconstruction of damage caused by recent events. We expect that sister countries will offer assistance in this field, be it in the form of human aid to overcome some problems facing us in this regard or any other assistance related to subsequent development projects.

[Question] Recent events have led to the loss of a large number of party cadres who have fled the country. What measures does the party intend to take to replace these cadres and what political steps are being contemplated to reorganize the government?

[Answer] We have asked some party members, and I mention the deluded in particular, to return home to take part in the construction process as a national issue and a national responsibility. Naturally, the reconstruction of Yemen and the party following recent events is proceeding rapidly. There is no doubt that replacing leading cadres in the party is no easy task.

[Question] It has been reported that about 10,000 'Ali Nasir supporters have been arrested. What is your position toward them? Have some of them been released and do you intend to include them in political action in the next stage?

[Answer] First of all, this number is greatly exaggerated. In fact, much information about recent events in our country is greatly exaggerated. The number of detainees is very small. Some of them took part in the planning and execution process and they will be brought to justice under the law.

As for the deluded, the political command in our country is looking into issuing a general amnesty in their case so that they may return home to take part in the construction process undertaken by the party and the people at this stage.

[Question] What about the status of Democratic Yemen embassies in the wake of desertions by some ambassadors?

[Answer] We expect that the ambassadors who have left their posts in some embassies will return home because this is the natural place for them. No measures will be taken against any of them and we welcome their return. The natural place for any man is his country. As for the embassies without ambassadors, new ambassadors are being nominated to replace the ones who have left. I would like to point out that their number is very small.

[Question] Are there any possibilities of renewed fighting, especially since 'Ali Nasir Muhammad still has supporters at home?

[Answer] The fact is that there have been many rumors and lies about possible renewed fighting, with the intent of spreading fear to give the impression that the regime is unstable. I emphasize that the elements for renewed fighting are non-existent and 'Ali Nasir has no presence at home. His supporters have no chance of disturbing the peace again and we will not allow this to happen. As for rumors about the tribal situation which, in an attempt to destabilize our regime, is said to be complicated, and about tribal massacres, there are inaccurate accounts that have been refuted by events. For example, security forces went into Abyan Governorate where they were welcomed by the entire population. The people offered the security forces all possible support in restoring peace and order in Abyan and other governorates at a time when rumors were saying that Abyan would join the fighting--something that did not occur. This is proof positive that what happened was unrelated to traditional tribalism. We renounced tribalism a long time ago and it is inconceivable for our country to witness this kind of unrest. The entire population is united around its political leadership: the YSP and its leadership,

the armed forces, the security forces, the police, all the militias, and all the people. They are all united, from all regions without exception. This refutes all information and lies that attempt to portray the situation in our country as explosive. I also emphasize and reassure you that the situation is stable throughout the country.

[Question] Recent events revealed the presence of arms in various tribes. Do you intend to institute regulations regarding the carrying of weapons?

[Answer] It is common knowledge that, historically, our people have always been armed and that they like to carry weapons, not to wage tribal wars, however. Fortunately, these tribal wars ended with the elimination of colonialism which backed and nurtured them. After we attained independence, all elements leading to possible tribal wars were removed and, therefore, all weapons in the people's possession are for the defense of the revolution and the regime. These weapons will only be used to defend the revolution and the regime against any attacks, be they foreign, or attempts at internal treachery.

[Question] What countries will be included in your current tour?

[Answer] Qatar, Bahrain, Saudi Arabia, and possibly Kuwait.

12502/12795
CSO: 4404/291

AFGHANISTAN

GOVERNMENT CAMP REPORTEDLY DESTROYED

Tehran KAYHAN INTERNATIONAL in English 6 Apr 86 p 1

[Text]

LONDON, Apr. 5 (IRNA) — Afghan Mujahideen wiped out an army camp at Dakka six miles from Afghan border where several Soviet Karmal troops were killed and a tank and three military vehicles were destroyed.

According to AAP sources, Hizb-e-Islami, Islamic Alliance for Liberation of Afghanistan, Hizb-e-Islami Younas Khalis group and Harkat-e-Inqilab-e Islami jointly launched rocket and mortar attack on the camp on March 30. After a brief battle Soviet and Afghan forces stationed there fled. Mujahideen seized 120 Kalashnikov rifles, two mortar guns and an anti-aircraft gun. Marko and Sarobi army posts in the same area were also hit by Mujahideen.

Meanwhile, a large scale military operation was frustrated in south eastern pro-

vince of Zabul recently. Soviet occupation authorities wanted to destroy Mujahideen's positions on Kabul-Qandahar road.

AAP sources reported that on March 22, Soviet-Karmal troops supported by tanks and armored vehicles raided Mujahideen's base near Shahr-e-Safa Town, 60 kilometers from Qandahar on the highway leading to Kabul.

The Mujahideen knowing in advance of the Soviet plan halted the invading forces. Four tanks and an armored vehicle were destroyed by rocket and over 50 Soviet-Karmal troops were killed or injured while the remaining force managed to retreat towards Qalat Ghilzai.

Later Soviet planes bombed Mujahideen's base. Three Mujahids were martyred and 17 were wounded while some weapons of Mujahideen were also destroyed.

/9317

- CSO: 4600/291

INDIA

FURTHER REPORTAGE ON SITUATION IN PUNJAB

Center Support for Barnala

Bombay THE TIMES OF INDIA in English 1 Apr 86 p 1

[Text] New Delhi, March 31--The Prime Minister today obtained unanimous support from the opposition parties for his policy of giving full backing to the Barnala government in combating the terrorist menace in Punjab.

Mr Rajiv Gandhi's Punjab policy has therefore acquired the status of a national policy. The chief minister, Mr Surjit Singh Barnala, has the entire country behind him in extirpating terrorists employed for secessionist ends.

The national consensus was arrived at in consultations the Prime Minister and the home minister, Mr P. Narasimho Rao, had with opposition leaders in Parliament this afternoon. It was decided to evolve a "common strategy" to meet the situation.

Mr Arun Nehru, minister for internal security, who recently visited Punjab, told newsmen that the Union government's decision was to combat terrorism through the instrumentality of the state administration. The Centre would provide all help necessary. Mr Barnala also assured him that he was determined to put down terrorism with a firm hand.

The consensus with the opposition parties was that no statement would be made by anyone that could weaken the position of Mr Surjit Singh Barnala.

The opposition support was of course expected. Through the recent escalation in terrorist attacks in Punjab, none of the opposition parties had pointed an accusing finger towards Mr Barnala for his failure to tackle the situation, even though there was embarrassment over his inaction.

The speaker, Mr Balram Jakhar, said anyone would feel about the happenings in Punjab and added, "I am conscious of the fact that the feelings expressed by me on previous occasions had been misunderstood and sought to be given a communal colour."

Mr Jakhar said, "Anyone who seeks to divide people on communal lines cannot be regarded as being sane, secular and much less patriotic."

The Prime Minister, who apparently had anticipated the opposition demand for suspending question hour, entered the house accompanied by Mr Arjun Singh a couple of minutes before the speaker took the chair.

Before the Prime Minister intervened, the minister for parliamentary affairs, Mr H.K.L Bhagat, announced that the home minister had invited opposition leaders for a discussion at 3 p.m.

PTI adds: The entire Indo-Pakistan border has been "virtually sealed" to effectively check infiltration of terrorists into Punjab.

This information was given by the government to the leaders of the opposition parties in Parliament.

The BJP leader, Mr Atal Bihari Vajpayee, blamed the Prime Minister for the current "volatile" situation in Punjab.

Mr Gandhi had failed to go deeply into the problem and formulate a long-term policy to solve the issue, Mr Vajpayee said, addressing a public meeting in Delhi organised to observe "Save Punjab Day."

Shops and other business establishments downed their shutters and vehicular traffic stayed off the roads today declaring a bandh in the Jammu region and Haryana.

The Janata party and the Shiromani Akali Dal (Longowal), Delhi, have extended support to the "Delhi bandh" call given by the BJP for tomorrow, to protest against the recent killings in Punjab.

UNI adds: The BJP demanded that the entire western border be immediately sealed to check the influx of "trained saboteurs and terrorists."

In the capital, 1300 BJP workers courted arrest in front of the historic Red Fort to protest against the terrorist killings.

TOINS adds: Meanwhile, the BJP president, Mr L.K. Advani, said the prestige and credibility of the Punjab police "is at rock bottom."

Mr Advani was talking to the reporters today on his return from a tour of areas where extremists had struck terror. He remarked that wherever he went there were demands for the deployment of BSF and CRP units.

Mr Advani noted that the posting of Mr J.F. Ribeiro as director-general of police had been welcomed and hoped that the state government would take adequate steps to ensure protection of citizens.

He was not for President's rule as he felt the Akali government, having received a massive popular mandate, should be allowed to handle the situation.

Lucknow (TOINS): The Uttar Pradesh home secretary, Mr Mata Prasad, today denied the infiltration of terrorists into the state from Punjab in view of the recently intensified anti-terrorist operations by the Punjab police.

Both the home secretary and the state director general of police, Mr D.K. Agarwal, would make a two-day inspection of the security arrangements at Hardwar, where thousands of visitors are gathering for the Kumbh mela, he said.

New Border Commission

Calcutta THE STATESMAN in English 4 Apr 86 p 1

[Text] New Delhi, April 3--The Centre has appointed another commission to determine the Hindi-speaking areas of Punjab--other than Abohar and Fazilka--that are to be simultaneously transferred to Haryana in lieu of Chandigarh going to Punjab, latest by June 20.

The commission will be headed by Mr Justice E.S. Venkataramiah, a Judge of the Supreme Court. The new commission was asked to turn in its report by May 31.

This major decision made by the Centre indicated that Haryana will not get any area of Fazilka Abohar tehsil of Punjab in lieu of the transfer of Chandigarh to Punjab but from other Hindi-speaking areas of Punjab--probably from the Patiala, Sangrur and Bhatinda districts.

The decision vindicates the Akali Dal and the present Punjab Government's stand not to part with the prosperous cotton and citrus rich farmlands of Fazilka Abohar, but to allow Haryana to take some other Hindi-speaking villages as compensation for Chandigarh.

A notification issued by the Union Home Ministry last night said that the new commission is being set up in pursuance of the recommendations and observations of Mr Justice K.K. Mathew and the relevant paragraphs of the Punjab accord.

The commission will take into account the report of the Mathew Commission and will determine and specify the other Hindi-speaking areas of Punjab which shall go to Haryana in lieu of Chandigarh, the notification said.

(The Mathew Commission had determined 83 out of the 105 Fazilka Abohar villages as Hindi-speaking, but did not recommend their transfer to Haryana since Haryana's contiguity to these villages was broken by the lone Punjabi-speaking village of Kandukhera of Muktsar tehsil of Punjab)

The notification said the Venkatarmiah Commission shall follow the three principles of contiguity, linguistic affinity and village as a unit as laid down in the Punjab accord.

The commission will be at liberty to devise its own procedure for its work and will ordinarily hold its meeting in private.

In another move, the Centre appointed Mr S.S. Ray as Administrator of the Union Territory of Chandigarh, in addition to his duties as Punjab Governor.

The decision was made obviously for administrative convenience, so that the administration of Chandigarh functioned under one command and the step is obviously in preparation for Chandigarh's transfer to Punjab.

The Akali Dal (Longowal) has welcomed the setting up of the Venkataramiah Commission. A prominent Akali leader, Mr Balwant Singh, who is also number two in the Barnala Ministry, said a redeeming feature of the Centre's announcement was that Abohar and Fazilka had finally been decided as part of Punjab.

The new commission would now determine Hindi-speaking areas only in Bhatinda, Sangrur and Patiala districts, Mr Balwant Singh said.

While there were hardly any Hindi-speaking villages in Bhatinda district, the number of Hindi-speaking villages in Sangrur was about 16. The Hindi-speaking villages in Patiala district contiguous to Haryana have already been offered to Haryana by the Punjab Government, he said.

UNI adds: Meanwhile, the Punjab Chief Minister, Mr Surjit Singh Barnala, today said the construction of the remaining part of the Sutlej-Yamuna Link Canal would be handed over to a public sector undertaking.

In a statement in Chandigarh, he said this would be done in consultation with the Planning Commission, which would continue to monitor the progress of the work.

This was announced by Mr Barnala while welcoming the setting up of the Venkataramiah. Mr Barnala said the Government was committed to completing the canal in accordance with the terms of the Punjab accord.

The Haryana Chief Minister, Mr Bhajan Lal, told reporters in Chandigarh that the commission "is in the national interest" and appealed to the people not to get misled by any propaganda "at this stage."

/9317
CSO: 4600/1631

INDIA

FINANCE MINISTER ANNOUNCES CUSTOMS, EXCISE CONCESSIONS

Calcutta THE STATESMAN in English 4 Apr 86 pp 1, 9

[Text]

NEW DELHI, April 3.—The Government announced in the Lok Sabha today another package of post-budget concessions and exemptions in respect of excise and Customs duties, including full exemption from duty for bulk drugs. It had yesterday announced in the House several concessions to the small-scale sector and in the area of direct taxes.

Making a statement, the Finance Minister, Mr. Vishwanath Pratap Singh, told the House today that these were designed to help industry generally and the small-scale in particular.

Mr. Singh has decided to retain the provision of exempting 60% of the inter-corporate dividend from Income-Tax. He had earlier proposed to withdraw this exemption.

The concessions and exemptions announced by him and received by the House with thumping of desks, were:

Exclusion of chassis value from computation of assessable value of automobile bodies built in the small-scale sector for charging excise. "It is also proposed to have a special SSI scheme to cover this industry." The exemption will be extended to all special purpose motor vehicles.

Restoration of the exemption in respect of components for certain final products exempted from duty: Power-driven pumps primarily designed for handling water, water coolers and compressors used in water coolers, agricultural tractors of PTO HP not exceeding 25 and other exempted motor vehicles, namely motor vehicles manufactured by ordnance factories and electrically-operated vehicles, kerosene stoves and pressure cookers.

Reduction of excise on wattle extract from 15% ad valorem to 10%; and on electrical wires and cables from 30% to 25%.

Total exemption from excise in respect of a number of small items, including gas mantles for kerosene pressure lanterns; non-electrical iron brass presses, hurricane lanterns; flax and ramie fibres; copper and brass utensils, and plastic cane used in furniture. Exemption also in respect of saw timber, wood wool and wood flour, railways and tramways wood sleeper and certain other articles of wood; lime frames for slates, brush handles, match splints, wood veneers for match boxes and all forms of marble other than slabs and tiles.

Excise relief to clothing accessories and certain made up textile articles; kajal and kumkum; galvanized iron buckets and certain other goods made without the aid of power.

Exemption of bulk drugs from excise.

Extension of relief on captive consumption to some cases where the final product is not covered under the MODVAT scheme: The burnt lime and soap stone used in the manufacture of paper board; carded wool used in the manufacture of wool tops/yard; acrylonitrile used in the manufacture of acrylic fibre; carbon disulphide, producer gas and nitrogen used in the manufacture of textiles; paraxylene used in the manufacture of DMT; and sulphur oxide; lime and kiln gas used in the manufacture of sugar.

Availability of credit of duty on mono-ethylene glycol used in the manufacture of polyester fibre and yarn and of duty on alum, resin, guar gum, formaldehyde and China clay used in the manufacture of paper and paper board.

Exemption from excise in respect of synthetic woven bags, di-calcium phosphate used as animal fodder, agricultural-grade zinc sulphate, high speed diesel oil used for deep sea fishing vessels, waste paper obtained from duty paid paper and cotton woven hessian not subjected to any processing.

Modification of the scheme of concessions to paper mills using "unconventional" raw materials, so as to provide an additional slab of clearances between 7501 to 1200 MT with a duty of Rs 1000 per MT against Rs 1200 per MT provided in the Budget.

Reissue of project import regulations with provision of relaxing the need for registration of contracts prior to clearances, so that goods already cleared, like those imported for display in fairs and exhibitions, would also get the benefit of assessment at the concessional rate. "Expressions used in the tariff heading for project imports are also being defined so as to help reduce ambiguity or disputes about their scope."

Complete exemption from customs duty for grape guard paper used for packing grapes "provided such paper when imported is used for the packing of grapes".

The concessions announced yesterday to the small-scale sector and in the area of direct taxes are:

The exemption limit was increased to Rs 15 lakhs of clearances from the earlier level of Rs 7.50

lakhs for the small-scale units. In the case of units which produce more than one article falling under different tariff headings, the limit of exemption would go up to Rs 30 lakhs.

As a measure of simplification of procedures he proposed that there would be no elaborate procedure for obtaining excise licence. Even a postal acknowledgement of the application for licence will be deemed to be an excise licence for a small-scale unit.

Such units would be allowed self-assessment procedures for clearances up to Rs 50 lakhs. Excise inspections will be restricted to a maximum of once a year for one unit, and the excise records to be kept by the SSI units will be further simplified.

On direct taxes he proposed to restrict the power of Income-Tax authorities to collect information from business premises only. Residential premises will be excluded from the purview of Section 133B, a new section of the Income-Tax Act. Exemption from tax for national income from self-occupied property would be allowed up to a maximum of Rs 5,000 per annum.

UTI adds: The Government would come up with a code for direct taxes, the Finance Minister said. Addressing a Press conference here today, Mr Singh said, he had also agreed to meet representatives of the small-scale sector on the first Friday of every month to listen to their problems and sort them out on the spot.

/9317
CSO: 4600/1631

INDIA

RESERVE BANK OF INDIA ANNOUNCES NEW CREDIT POLICY

Calcutta THE STATESMAN in English 4 Apr 86 pp 1, 9

[Text]

BOMBAY, April 3.—The Reserve Bank of India announced today the credit policy for the first half of 1986-87. It includes a package of measures relating to maintenance of statutory liquidity ratio, rationalization of selective credit controls and streamlining of the credit authorization scheme.

Addressing the chief executives of major scheduled commercial banks, Mr R. N. Malhotra, Governor, pointed out that the cautionary stance of credit policy would continue. Apart from ensuring that the needs of food procurement were fully met, the objective of the credit policy would be that all productive activity contributing to increased output was financed by banks and that, too, out of their own resources.

Since the rabi crop in 1986 was expected to be good and a large procurement would be on the anvil, Mr Malhotra advised the banks to plan for an increase in food credit of about Rs 1,200 crores between the end of March and the end of June 1986 and thereafter a decline of Rs 900 crores in the quarter ending September 1986. It was expected that scheduled commercial banks would be able to provide for an increase in bank credit of Rs 2,300 crores in the first half of 1986-87 (Rs 300 crores for food and Rs 2,000 crores for non-food).

The statutory liquidity ratio of 37 per cent of net demand and time liabilities is itself being kept unchanged, but there is to be a progressive reduction and eventual "extinguishment" of the waiver provided to the banks under the scheme of phased introduction of penalties on SLR default which came into effect on September 14, 1985. The scheme provides for a waiver of up to 4 per cent of the amount of SLR required to be maintained. It was indicated to the banks that this bank would be gradually phased out.

In pursuance of the rationalization initiated earlier, the following changes are being made in selective credit controls with effect from April 4, 1986:

(I) Exemption for advances against certain commodities. In the light of the improvement in the supply and price situation, the following commodities are being exempted from selective credit controls: paddy and rice, cotton and cottonseed oil.

(II) Following an improvement in the oilseeds economy, the following measures are being taken. First, the minimum margins on oilseeds and vegetable oils are being reduced across the board by 15 per centage points. Secondly, advances against high-yielding and hybrid seeds used for growing oilseeds and certified by appropriate authorities are being exempted from all the provisions of selective controls as in the case of high-yielding and hybrid seeds used for growing foodgrain.

(III) Increase in overall exemption limit for advance: at present advances up to an aggregate limit of Rs 50,000 a borrower against stocks of commodities covered by selective credit controls are completely exempt from the controls. The exemption limit is now being raised to Rs 1,00,000 per borrower with a view to helping small producers and dealers of commodities which continue to be subject to selective credit controls.

(IV) Level of credit ceilings: For commodities where there is a stipulation on the level of credit, the base is being brought forward by one year to 1981-82, 1982-83, and 1983-84 (November to October).

The minimum margins for other foodgrains, pulses, sugar, gur and khandari remain unchanged. The new structure of minimum margins is set out in the annexed.

As for the credit authorisation scheme, the following changes have been introduced:

(I) Cut-off point for CAS working capital limits: The cut-off point for CAS working capital limits was raised from Rs 3 crores to Rs 4 crores in October 1983. It has now been decided to raise this cut-off point to Rs 6 crores. This will reduce the number of working capital limits at present covered by the CAS by almost one-third.

(II) Cut-off point for working capital limits for manufacturers-trader-exporters: It has been decided to raise the cut-off point for working capital limits for manufacturer and trader-exporters to a uniform Rs 6 crores as against differential cut-off points hitherto of Rs 3 crores for manufacturer-exporters and Rs 4 crores for trader-exporters.

(III) Discretionary powers of banks to sanction ad hoc limits: The discretionary powers of banks would be enlarged to enable the sanction of additional limits temporarily for periods not exceeding three months up to ten per cent of the existing working capital limit or 25 per cent of the existing packing credit limit subject to an overall ceiling of Rs 2 crores as against the present ceiling of Rs 75 lakhs.

(IV) Reporting of cases for post-sanction scrutiny: The cut-off point for cases of working capital limits which banks have to report for post-sanction scrutiny is being raised from Rs 1 crore to Rs 2 crores. However, banks will be required to continue to submit information on sanctions of Rs 1 crore and over on a quarterly basis in the prescribed forms.

/9317

CSO: 4600/1631

INDIA

PAPERS REPORT VISIT OF SWISS FOREIGN MINISTER

Remarks on Departure

Calcutta THE STATESMAN in English 4 Apr 86 p 9

[Text] New Delhi, April 3--Switzerland has assured India that it would not send any Tamil refugees to India without India's consent.

The Swiss Foreign Minister, Mr Pierre Aubert, at the end of his three-day visit to the capital, told reporters that Switzerland now had between 3,000 and 4,000 Tamil refugees. Each case was being examined on merit.

Answering a question, he said that Switzerland had so far denied asylum to six of the Tamil refugees since they were found to be engaged in drug trafficking. He clarified that according to Swiss law, asylum could be given to people whose life or health was endangered in their own country. But he affirmed that there was no provision for giving asylum on economic grounds though Switzerland had continued to attract many people because of its prosperity.

Mr Aubert, who is the first Swiss Foreign Minister to visit India since diplomatic relations were established with this country in 1947, described his talks here with the Prime Minister, Mr Rajiv Gandhi, the External Affairs Minister, Mr B.R. Bhagat and the Industries Minister, Mr N.D. Tiwari, as cordial.

He said that he had explained the strong differences that existed between Swiss policy of neutrality and non-alignment but the Swiss Foreign Minister maintained that there was a line of convergence since both policies affirmed the sovereignty of nations, non-interference in internal affairs and desire for peace.

Switzerland, which has a guest status in the Non-Aligned Movement would send a high-level delegation to the forthcoming meeting of the coordination bureau, he said.

Referring to his meeting with Mr Tiwari, Mr Aubert said that among other things, he had talked of the procedural delays in India and the difficulties

of employing non-Indians in Swiss projects. He disclosed that a Swiss consortium would soon take up a big hydro-electric project in India.

He also saw the possibility of greater exports from India to Switzerland, especially leather goods. India now exports to Switzerland goods worth 773 million Swiss francs while it imports goods of the value of 381 million Swiss francs.

Talks on Cooperation

Bombay THE TIMES OF INDIA in English 4 Apr 86 p 9

[Text]

NEW DELHI, April 3.

INDIA and Switzerland have agreed to enhance bilateral co-operation, with the former seeking technical assistance in high technology as well as in the fields of textile machinery, power generation, chemicals and drugs.

The Swiss foreign minister, Mr. Pierre Aubert, had talks with the industry minister, Mr. N. D. Tiwari, here today on steps to enlarge industrial collaborations. Some 30 technical projects in the country are being run through Swiss assistance.

Three Swiss companies have shown interest in the hydel projects in India and their representatives will be coming here later this month.

Mr. Tiwari referred to India's adverse balance of trade with Switzerland and stressed the need for increased Indian exports to Switzerland.

Mr. Aubert called on the President, Mr. Zail Singh, and the Prime Minister, Mr. Rajiv Gandhi, besides holding talks with his Indian counterpart, Mr. B. R. Bhagat. He invited Mr. Gandhi to visit Switzerland next year which will mark the 40th anniversary of diplomatic relations between the two countries.

/9317
CSO: 4600/1631

INDIA

SEVERE DRY SPELL IN NORTHEAST MAY AFFECT CROPS

Calcutta THE STATESMAN in English 4 Apr 86 p 9

[Text] Shilong, April 3--The entire North-Eastern region has been experiencing severe drought conditions due to dry weather affecting the entire economy of the area. This long dry spell has hit tea gardens in Upper Assam. It is feared it would "definitely have an adverse effect" on the industry this year.

According to weather experts, the drought spell will continue for sometime more. In Guwahati sub-division, there has been no rain for the past two months and all sources of water are dry. The ring wells and tube wells for drinking water are fast drying up. Corporation water supply has also been affected. Farmers are the worst sufferers as they cannot plough their land due to drought conditions. However, the Assam Government has so far not prepared any emergency plan to face this serious situation.

Ahu and Bow paddy cultivation is affected due to the drought. Irrigation schemes no longer benefit farmers.

In the meantime, there has been a rash of ailments like measles and typhoid. Mostly children have been struck.

The severe drought conditions which have been prevailing since the past three months have affected farmers and cattle alike. All seasonal crops and vegetables have been withered. The drought is so severe that even tractors fail to plough the arid land. All rainfed ponds, rivulets and channels have dried up. Owing to the crisis of drinking water, villagers have been forced to fetch water from miles away.

The entire Rangiya civil subdivision too, is in the grip of a severe dry spell, and it is feared the situation will worsen.

/9317
CSO: 4600/1631

IRAN

FORMATION OF IRREGULAR WARFARE GROUPS REPORTED

GF221226 London KEYHAN in Persian 17 Apr 86 p 1

[Text] The Islamic Republic has formally announced the already known plans to establish a headquarters for irregular warfare and guerrilla operations in other countries. The Islamic Revolution Guards Corps has invited applications from self-sacrificing groups for membership in the irregular military organization for the purpose of expanding guerrilla operations, sabotage, and partisan battles in enemy territory. Young men between the ages of 18 and 30 years, physically fit for guerrilla operations, and having experience in at least two war operations, can have their names registered as honorary or formal contracts in this organization. Their first appointment will be for 2 years.

In the course of widespread propaganda by the regime to enlist as many men as possible in this organization, the guard corps revealed that this plan was first initiated 2 years ago by the national resistance movement, and its main objective was announced then through the press. The plan to establish headquarters or a regular independent war brigade was first initiated in a meeting on 26 May 1984 in the Ministry of Islamic Guidance. This meeting was attended by the chief of the joint army staff, a representative of Ayatollah Khomeyni in the Supreme Defense Council, the commander of the guards corps, commanders of the land, air, and naval forces, the chief of department II of the joint staff, heads of the revolution committees, a representative of Ayatollah Khomeyni in Hajj affairs, the foreign minister of the Islamic Republic, and Mohammed Baqer Hakim, the head of the Supreme Assembly of the Islamic Revolution in Iraq. At this meeting a strike force for irregular warfare has been established under the orders of Ayatollah Khomeyni and its aim is to attack the interests of countries which the Islamic Republic considers its enemy. In the minutes of this meeting of high-ranking military and political officials of the Islamic Republic, the terms announced for the recruitment of men to this organization were the same as announced a few days ago by the guard corps. In this secret meeting it had been said that loyal and trustworthy men with diplomas who have taken part in the 4-year war and are under 30 will be enlisted in this organization with the approval of the politico-ideological departments. It was emphasized that the enlisted man should not be the type who attaches value to his life. The minutes also said: The reactionaries of the region -- either in fear or in view of their dependence in the superpowers -- have armed themselves to their teeth, and

this is not in the interest of the Islamic Republic. These countries cannot be brought to their knees except by dealing blows inside their own country. In other words, the more they arm themselves, the more we hit them.

In this meeting it was also said that specialists in partisan wars and the five Palestinians who are now in the employ of the Guard Corps will train new recruits to this organization. Each unit should number between 1,500 and 2,000 men, excluding their commanding cadre. Much coverage was given to these secret documents by the western press when they were published then by the national resistance movement. In addition to the LONDON TIMES, the French press, U.S. radio and television, and the Arab press covered this secret meeting of the Ministry of Islamic Guidance. The London KEYWORD published this report on its front page.

Last week when the Guard Corps formally announced the 2-year-old plan to establish this unit, it incidentally confirmed the validity of the document published by this paper. It must be said that the plan that the Guard Corps has now revealed speaks of inviting young Arab men, including Iraqis and Kurds, to join this organization. It is also said that it is a long time since the young men of Syria, Lebanon, and Iraq have joined this unit and received training. Another group of 170 Lebanese Shi'ite prisoners who were recently set free from the Israeli prisons have reached Tehran to enlist in this force.

/12929
CSO: 4640/263

IRAN

IRAN'S REACTION TO U.S. RAID AGAINST LIBYA

[Editorial Report] Iranian reaction to the U.S. air attack on Libya has taken the form of strong denunciation of the action and reaffirmation of the Iranian people's solidarity with the Libyans. Tehran Domestic Service in Persian on 16 April carries a number of reports in its scheduled newscasts during the 0330-0630 GMT period which deal with the situation, including reports on telephone conversations between President Khamene'i, Colonel Qadhafi, and Syrian President al-Asad. During his call to al-Qadhafi, the Iranian president "reaffirmed Iran's complete support for the fraternal country of Libya against U.S. air aggressions" and noted that it is "violence committed by Reagan and the U.S. administration that must be punished."

During his phone conversation with President al-Asad of Syria, Khamene'i stressed the need for "all progressive countries to assume a strong position" in the raid and assured him that Iran is ready to "participate in any joint action" that President al-Asad "may deem necessary."

The station also carries a large number of reports by foreign radics and news agencies concerning world reaction to and the condemnation of the U.S. action, a Libyan claim of a second raid, as well as anti-U.S. demonstrations in various parts of the world.

Under the title "Muslims Must Punish the United States" the newspaper JOMHURI-YE-ISLAMI editorially urges a firm response to the United States, as reported by Tehran's International Service in Arabic. The paper states that the aggression "followed media maneuvers" in preparation for carrying it out. The paper points out that Arab reactionaries "accepted Bush's request to support the aggression by remaining silent on it." It notes that the aggression took place "48 hours after the conclusion of Bush's visit to four Arab countries." It adds that "if the U.S. aggression does not get a response" the United States will launch "attacks on other parts of the Islamic world." It concludes that a "firm response against the U.S. aggression" will protect the Islamic world from further U.S. aggression."

A commentary carried by Tehran International Service in Turkish on 15 April criticizes the U.S. attacks on Libya. The commentary criticizes "Reagan's new threats" and says that these threats "are not limited to Libya alone." It states that by his speech on the morning of 15 April Reagan "tried to intimidate the world peoples." It concludes that "all international establishments and organizations" are expected to be against "the inhuman

aggression by Reagan and U.S. imperialism which has disregarded international law, peace, and security."

Meanwhile, in a statement following his arrival in New Delhi this morning to attend the nonaligned foreign ministers' conference, Iranian Foreign Minister Velayati expresses hope that the nonaligned foreign ministers "will adopt a firm and frank stand" vis-a-vis "the issue of the U.S. aggression against friendly and fraternal country Libya." He urges measures to condemn the U.S. aggression by "world public opinion."

The reportage on the U.S. attack by Iranian regionals has been somewhat tepid. Mention of Libya was conspicuous by its absence in the Bushehr and Tabriz Domestic casts monitored at 1330 GMT. However, Bandar 'Abbas Domestic Service in Persian carries some caustic comment in its mention of a Friday Imam's speech on the crimes of the archsatan in the various countries of the world, asking Islamic countries to unite with Muslim countries such as Libya against U.S. aggression." Another report in the same cast stated that the Friday Imam's secretariat had issued a communique condemning the "disgraceful act of U.S. imperialism in the world, expressing support for fraternal Libya." The text of the communique was not carried. A station commentary at the end of the cast carried a virulent but detached castigation of the operation saying that "the people and revolution of Libya will not be defeated by this type of criminal and antihuman actions. They will continue their resistance against U.S. aggression." It may be noted, however, that the commentary made no mention of Iran's support for Libya. Comment from Ahvaz Domestic was sparse and confined to an item carried earlier in the Tehran 1030 GMT cast quoting the chief of the Supreme Assembly of the Islamic Revolution of Iraq as saying that "the attack on Libya will not break the will of the Muslim people."

/12929
CSO: 4640/265

IRAN

BRIEFS

FATE OF HOSTAGES--According to news agencies, with regard to the trip to Iran by the French deputy foreign minister and the various and repeated diplomatic missions that have been exchanged between Paris and Tehran, it has now become a certainty that the life or death of the European hostages in Lebanon, especially the French, is connected to the Persian Gulf war. Their fate is in the hands of the terrorists and kidnappers of the Khomeyni regime. According to this report, the French have entwined the fate of the war and their hostages and they have warned the mullahs in Tehran that if the French hostages are not released, a flood of weaponry will arrive in Baghdad. According to informed sources, the kidnappers of the Tehran regime, after kidnapping innocent persons, usually take them to Iran for questioning and then, following a series of diplomatic and political bargaining or in some cases their murder, they once again return their victims to Lebanon. [Text] [(Clandestine) Voice of the Liberation of Iran in Persian 1630 GMT 22 Apr 86 GF]

AFGHANISTAN PROTESTS REGIME'S INTERFERENCE--The Afghanistan Government has strongly protested to the Islamic Republic of Iran against the latter's illegal interference in the domestic affairs of Afghanistan. Following the speech of Babrak Karmal, the leader of the Afghanistan Government, regarding aid from the Islamic Republic of Iran and the Government of Pakistan to the Afghan Mujahidin-i-Khalq, the Afghan Ministry of Foreign Affairs strongly protested last week to the Islamic Republic and asked it to stop aiding the Mujahidin and the Afghan "counterrevolutionaries" and to stop anti-Afghanistan propaganda. The Afghan Government authorities have warned the Islamic Republic that if it continues to interfere in the domestic affairs of Afghanistan, the dire consequences following this interference would fall on the shoulders of the Islamic Republic. The Afghan Government authorities have complained that the Islamic Republic has established several camps in Zahidan, Mashhad, Tayyebat, and other Iranian cities to train the counterrevolutionaries, and that the Islamic Republic also gives them financial aid and military equipment and sends its guards into Afghanistan. The complaint adds that proof of the guards entering Afghanistan territory is that a number of guards have been arrested in Afghanistan. [Text] [London KEYHAN in Persian 17 Apr 86 p 3 GF]

REVIVAL OF HOJJATIYEH--In the Sunday meeting of the majlis, Musa Salimi, the Khoy Majlis deputy, announced that the Hojjatiyeh group has resumed its activities and that they have so far set on fire several automobiles belonging to regime officials. They have also killed two representatives of the regime, Ahmad Ahmadi and Mohammadi, in Khoy and have set fire to their car. Moreover, the Hojjatiyeh group issued statements against the clergy throughout the country and insulted them. They recently attacked and wounded an inspector of the regime at his residence. Nobody is doing anything to stop them. The Hojjatiyeh society has again raised its head. It instigates the families of the soldiers against government authorities. They also say things against the Velayat-e Faqih. They say that the Velayat-e Faqih should be a person who has committed no sin. [Text] [London KEYHAN in Persian 17 Apr 86 p 1 GF]

/12929

CSO: 4640/262

- END -

END OF

FICHE

DATE FILMED

JUNE 4 1986

50
4